

Auditing Procedures Report

Issued under P.A. 2 of 1968 as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name County of Houghton, Michigan	County Houghton
Fiscal Year End 9/30/07	Opinion Date 02/22/2008	Date Audit Report Submitted to State 3-29-08	

We affirm that:

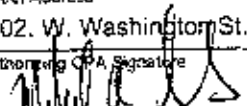
We are certified public accountants licensed to practice in Michigan

We further affirm the following material. "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☐ ☒ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input checked="" type="checkbox"/>	Audit of Schedule of Expenditures of Federal Awards	
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-225-1166		
Street Address 102. W. Washington St., Suite 109		City Marquette	State MI	Zip 49855
Authorizing CPA Signature 		Printed Name Michael Alan Greutz		License Number 1101027988

COUNTY OF HOUGHTON, MICHIGAN
FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

TABLE OF CONTENTS

FINANCIAL REPORTS:

Independent Auditor's Report	5
Management's Discussion and Analysis	7

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds Balance Sheet	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds Statement of Net Assets	20
Proprietary Funds Statement of Revenues, Expenses and Changes in Net Assets	21
Proprietary Funds Statement of Cash Flows	22
Fiduciary Funds Statement of Fiduciary Net Assets	23
Component Units Combining Statement of Net Assets	24
Component Units Combining Statement of Activities	25
Notes to Financial Statements	26

REQUIRED SUPPLEMENTARY INFORMATION

General Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	51

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS:

General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	53

NON-MAJOR GOVERNMENTAL FUNDS:

Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	62
Non-major Special Revenue Funds:	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	66
Prescription Drugs Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	69
Region 8 – All County Grant Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	70

Prosecutor's Forfeiture Account Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	71

Tri-County Community Corrections Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	72
Tri-County Work Camp Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	73
Special Equipment & Reward Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	74
Drug Enforcement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	75
ALERT Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	76
ORV Equipment Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	77
Friend of the Court Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	78
Houghton County Arts Grant Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	79
2006 Delinquent Property Tax Sale Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	80
2007 Delinquent Property Tax Sale Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	81
ROD Automation Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	82
Law Library Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	83
Houghton-Keweenaw Trail Rescue Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	84
Grant Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	85
Corrections Officers Training Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	86
Justice Training Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	87
Revenue Sharing Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	88
CDBG Housing Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	89
Department of Human Services Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	90
Department of Veteran Affairs Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	91
Child Care Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	92
MSHDA R.R. Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	93
Veteran's Trust Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	94
WMD Grant Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	95
Family Counseling Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	96
Economic Development Revolving Loan Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	97

Sewage Disposal #1 Bond Debt Retirement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	98
Non-major Capital Projects Funds:	
Combining Balance Sheet	99
Combining Schedule of Revenues, Expenditures and Changes in Fund	
Balance	100
ENTERPRISE FUNDS:	
Non-major Enterprise Funds:	
Combining Statement of Net Assets.....	101
Combining Statement of Revenues, Expenses and Changes in Net Assets	102
Combining Statement of Cash Flows	103
All Delinquent Tax Revolving Funds:	
Combining Statement of Net Assets	104
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	105
Combining Statement of Cash Flows	106
FIDUCIARY FUNDS:	
Combining Statement of Net Assets	107
 COMPLIANCE SUPPLEMENTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	
Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i>	
<i>Auditing Standards</i>	109
Report to Management Letter	111



Anderson, Tackman & Company, PLC
Certified Public Accountants
Marquette, Michigan 906-225-1166
Fax – 1-906-225-1714

Partners

John W. Blenberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Board of Commissioners
County of Houghton, Michigan
401 E. Houghton Avenue
Houghton, Michigan 49931

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Houghton, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Houghton, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Houghton, Michigan, as of September 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a our report dated February 22, 2008, on our consideration of the County of Houghton, Michigan's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Chairman and Members
of the Board of Commissioners
County of Houghton, Michigan

The management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 51, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Houghton, Michigan's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

February 22, 2008

County of Houghton, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the County of Houghton's financial performance provides an overview of the County's financial activities for the year ended September 30, 2007. Please read it in conjunction with the financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- Net assets for the County as a whole increased by \$2,191,312 as a result of this year's operations. Net assets of our business-type activities increased by \$1,512,300, or 5 percent, and net assets of our governmental activities increased by \$679,012, or 23 percent.
- During the year, the County had expenses for governmental activities that were \$8,482,782 and expenses for business type activities that were \$17,703,896.
- The General Fund reported a net fund balance of \$631,276 this \$150,743 higher than the forecasted balance of \$480,533.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14 and 15) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the County as a Whole

Our analysis of the County as a whole begins on page 9. One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the County's *net assets* and changes in them. You can think of the County's net assets - the difference between assets and liabilities - as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's patron base and the condition of the County's capital assets, to assess the *overall financial health* of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three kinds of activities:

- Governmental activities – Most of the County's basic services are reported here, including the legislative, judicial, public safety, recreation and culture, and general services and administration. Property taxes, charges for services and state sources fund most of these activities.

County of Houghton, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- Business-type activities – The County charges a fee to customers to help it cover all or most of the cost of certain services it provides. The County's Medical Care Facility, Solid Waste Transfer, Airport and Marina are reported here.
- Component units – The County includes two separate legal entities in its report – the Western U.P. District Health Department and the Road Commission. Although legally separate, these "component units" are important because the County is financially accountable for them.

Reporting the County's Most Significant Funds

Our analysis of the County's major funds begins on page 11. The fund financial statements begin on page 16 and provide detailed information on the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Commission establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The County's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- *Proprietary funds* – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Enterprise funds are also used to report activities of the Delinquent Tax Revolving Funds.

The County as Trustee

The County is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 23. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

County of Houghton, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The County as a Whole

Table 1 provides a summary of the County's net assets as of September 30, 2007 and 2006.

	Table 1 Net Assets					
	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$2,705,450	\$11,873,137	\$14,578,587	\$3,750,783	\$8,158,487	\$11,909,270
Capital assets, net	3,802,359	21,621,001	25,423,360	3,832,359	22,571,864	26,404,223
Total Assets	6,507,809	33,494,138	40,001,947	7,583,142	30,730,351	38,313,493
Current liabilities	644,245	1,847,221	2,491,465	1,079,286	1,825,200	2,904,486
Non-current liabilities	2,281,296	399,550	2,680,846	2,398,829	371,855	2,770,684
Total Liabilities	2,925,541	2,246,771	5,172,311	3,478,115	2,197,055	5,675,170
Net Assets:						
Invested in capital assets, net of related debt	1,748,513	21,601,705	23,350,218	1,577,283	22,325,020	23,902,303
Restricted	30,886	-	30,886	61,579	-	61,579
Unrestricted	1,802,869	9,645,662	11,448,532	2,466,165	6,208,276	8,674,441
Total Net Assets	\$3,582,268	\$31,247,367	\$34,829,636	\$4,105,027	\$28,533,296	\$32,638,323

Net assets of the County's governmental activities stood at \$3,582,268. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$1,802,869.

The \$1,802,869 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$31,247,367. The County can generally only use these net assets to finance continuing operations of Medical Care Facility, the Airport and other enterprise operations.

The results of this year's operations for the County as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007 and 2006.

County of Houghton, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2
Changes in Net Assets

	2007			2006		
	Government Activities	Business-Type Activities	Total Primary Government	Government Activities	Business-Type Activities	Total Primary Government
Revenues						
Program Revenues:						
Charges for services	\$1,421,948	\$16,321,673	\$17,743,621	\$1,925,408	\$15,166,968	\$17,092,376
Operating grants and contributions	2,174,705	38,164	2,212,869	1,869,143	44,422	1,913,565
Capital grants and contributions	-	73,963	73,963	-	11,078,082	11,078,082
General Revenues:						
Property taxes	5,068,445	1,587,671	6,656,116	4,678,524	1,483,148	6,161,672
State Sources	-	-	-	-	-	-
Interest	398,993	48,283	447,276	326,490	10,384	336,874
Miscellaneous	272,703	971,442	1,244,145	338,556	750,709	1,089,265
Total Revenues	9,336,794	19,041,196	28,377,990	9,138,121	28,533,713	31,671,834
Program Expenses:						
Legislative	101,093	-	101,093	88,549	-	88,549
Judicial	1,334,730	-	1,334,730	1,322,770	-	1,322,770
General Government	1,654,775	-	1,654,775	1,754,090	-	1,754,090
Public Safety	2,927,717	-	2,927,717	2,475,355	-	2,475,355
Public Works	34,617	-	34,617	34,027	-	34,027
Health and Welfare	359,401	-	359,401	382,358	-	382,358
Community and Economic Development	53,587	-	53,587	220,736	-	220,736
Recreation and Culture	165,478	-	165,478	143,565	-	143,565
Other	1,822,825	-	1,822,825	1,797,276	-	1,797,276
Interest on Long-Term Debt	28,559	-	28,559	27,148	-	27,148
Medical Care Facility	-	14,776,722	14,776,722	-	14,375,796	14,375,796
Airport	-	1,661,179	1,661,179	-	1,328,248	1,328,248
911	-	353,060	353,060	-	505,375	505,375
Solid Waste Transfer	-	598,432	598,432	-	608,157	608,157
Airport Water/Sewer	-	63,269	63,269	-	62,170	62,170
Airport Testing	-	1,688	1,688	-	1,685	1,685
Passenger Facility Charge	-	30,773	30,773	-	440,019	440,019
Marina	-	218,772	218,772	-	240,453	240,453
Delinquent Tax Revolving Funds	-	-	-	-	-	-
Total Expenses	8,482,782	17,703,895	26,186,678	8,245,874	17,561,903	25,807,777
Excess (deficiency) before transfers	854,012	1,337,300	2,191,312	892,247	10,971,810	11,864,057
Transfers	(175,000)	175,000	-	(368,390)	368,390	-
Increase (decrease) in net assets	679,012	1,512,300	2,191,312	523,857	11,340,200	11,864,057
Net assets, beginning	4,105,027	28,533,296	32,638,323	3,581,170	17,193,096	20,774,266
Prior period adjustment	(1,201,771)	1,201,771	-	-	-	-
Net Assets, Ending	\$3,582,268	\$31,247,367	\$34,829,636	\$4,105,027	\$28,533,296	\$32,638,323

The County's total revenues were \$28,377,990. The total cost of all programs and services was \$26,186,678 leaving an increase in net assets of \$2,191,312. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

The net assets of the County's governmental activities increased \$679,012 for the year ended September 30, 2007 as opposed to increased \$523,857 in the previous year.

County of Houghton, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

budget include; current levy, interest income and gain on investments. Significant fluctuations where actual revenues were less than budgeted include the remonumentation program. Significant fluctuations where actual expenses were less than budgeted included fringe benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2007 and 2006 respectively, the County had \$25,423,360 and \$26,404,223; invested in a variety of capital assets including land, buildings, and other equipment. (See table 4 below)

Table 4
Schedule of Capital Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$1,117,565	\$175,448	\$1,293,013	\$1,117,565	\$175,448	\$1,293,013
Buildings and improvements	2,320,213	5,853,473	8,173,686	2,414,794	6,291,333	8,706,127
Equipment and furnishings	364,581	1,386,219	1,750,800	287,575	1,641,885	1,929,460
Infrastructure	-	14,019,304	14,019,304	-	14,362,169	14,362,169
Construction in progress	-	186,557	186,557	12,425	101,029	113,454
	<u>\$3,802,359</u>	<u>\$21,621,001</u>	<u>\$25,423,360</u>	<u>\$3,832,359</u>	<u>\$22,571,864</u>	<u>\$26,404,223</u>

During the fiscal year the county's governmental activities purchased \$176,479 in various equipment and software. This \$176,479 was paid from fund balance. The governmental activities record \$191,090 in depreciation expense and had a loss of \$965 on the disposal of various assets.

During the fiscal year the County's business-type activities purchased \$244,547 in airport infrastructure improvements (\$73,962) and in the Medical Care Facility, building and equipment improvements (\$170,585). This \$244,547 was paid with \$73,962 in contributed capital grants and \$244,547 from fund equities. The business-type activities recorded \$1,209,397 in depreciation expense and had a loss of \$16,916 on the disposal of various assets.

Debt

At the end of fiscal year 2007 and 2006 respectively, the County had \$2,072,927 and \$2,501,920; in bonds and notes outstanding as depicted in Table 5 below.

Table 5
Schedule of Long-Term Debt

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
General Obligation Bonds	\$1,173,452	\$-	\$1,173,452	\$1,325,000	\$-	\$1,325,000
Contracts and notes payable	880,394	19,081	899,475	930,076	246,844	1,176,920
	<u>\$2,053,846</u>	<u>\$19,081</u>	<u>\$2,072,927</u>	<u>\$2,255,076</u>	<u>\$246,844</u>	<u>\$2,501,920</u>

During the fiscal year, the County issued no new debt and recorded principal payments of \$428,905.

County of Houghton, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the County's budget for the year ending September 30, 2007, the current economic health of the State of Michigan continued to be of great concern. The prolonged economic turndown has caused a significant reduction in State revenues which threatens to affect any area within Houghton County that receives revenue from the State.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Controller's Office at Houghton County Courthouse, Houghton, Michigan 49931.

County of Houghton, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the County's budget for the year ending September 30, 2007, the current economic health of the State of Michigan continued to be of great concern. The prolonged economic turndown has caused a significant reduction in State revenues which threatens to affect any area within Houghton County that receives revenue from the State.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Controller's Office at Houghton County Courthouse, Houghton, Michigan 49931.

COUNTY OF HOUGHTON, MICHIGAN

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	Primary Government			
	Governmental	Business Type		Component
	Activities	Activities	Total	Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 867,272	\$ 962,996	\$ 1,830,268	\$ 1,851,457
Investments	-	3,837,078	3,837,078	-
Investments - restricted	-	3,183,684	3,183,684	-
Receivables (net)	1,921,685	3,339,192	5,260,877	2,042,827
Primary government internal balances	(135,285)	138,758	3,473	-
Inventory	-	189,001	189,001	490,266
Prepaid expenses and other assets	51,778	222,428	274,206	136,074
TOTAL CURRENT ASSETS	2,705,450	11,873,137	14,578,587	4,520,624
Non-current assets:				
Capital asset - net of accumulated depreciation	3,802,359	21,621,001	25,423,360	11,655,496
Total Capital Assets	3,802,359	21,621,001	25,423,360	11,655,496
TOTAL NON-CURRENT ASSETS	3,802,359	21,621,001	25,423,360	11,655,496
TOTAL ASSETS	6,507,809	33,494,138	40,001,947	16,176,120
LIABILITIES:				
Current Liabilities:				
Accounts payable	157,864	473,121	630,985	338,478
Accrued payroll liabilities	35,927	185,524	221,451	270,109
Accrued interest payable	37,645	-	37,645	-
Compensated absences	153,366	204,607	357,973	249,856
Current potion of bonds and notes payable	133,849	19,296	153,145	19,409
Deferred revenue	125,594	964,673	1,090,267	294,183
TOTAL CURRENT LIABILITIES	644,245	1,847,221	2,491,466	1,172,035
Non-current Liabilities:				
Compensated absences	361,299	399,550	760,849	543,291
Bonds and notes payable	1,919,997	-	1,919,997	146,373
TOTAL NON-CURRENT LIABILITIES	2,281,296	399,550	2,680,846	689,664
TOTAL LIABILITIES	2,925,541	2,246,771	5,172,312	1,861,699
NET ASSETS				
Invested in capital assets net of related debt	1,748,513	21,601,705	23,350,218	11,489,714
Restricted	30,886	-	30,886	-
Unrestricted	1,802,869	9,645,662	11,448,531	2,824,707
TOTAL NET ASSETS	\$ 3,582,268	\$ 31,247,367	\$ 34,829,635	\$ 14,314,421

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

Program Revenues					Net (Expense) Revenue and Changes in Net Assets			
Function / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business Type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 101,093	\$ -	\$ -	\$ -	\$ (101,093)	\$ -	\$ (101,093)	\$ -
Judicial	1,334,730	527,889	651,127	-	(155,714)	-	(155,714)	-
General government	1,654,775	624,654	313,566	-	(716,555)	-	(716,555)	-
Public safety	2,927,717	258,331	945,818	-	(1,723,568)	-	(1,723,568)	-
Public works	34,617	-	-	-	(34,617)	-	(34,617)	-
Health and welfare	359,401	11,074	140,751	-	(207,576)	-	(207,576)	-
Community and economic development	53,587	-	33,587	-	(20,000)	-	(20,000)	-
Recreation and culture	165,478	-	-	-	(165,478)	-	(165,478)	-
Other	1,822,825	-	30,692	-	(1,792,133)	-	(1,792,133)	-
Interest on long term debt	28,559	-	59,164	-	30,605	-	30,605	-
Total Governmental Activities	8,482,782	1,421,948	2,174,705	-	(4,886,129)	-	(4,886,129)	-
Business Type Activities:								
Medical Care Facility	14,776,722	13,411,875	-	-	-	(1,364,847)	(1,364,847)	-
Airport	1,661,179	949,809	6,980	73,962	-	(630,428)	(630,428)	-
911	353,060	545,907	13,684	-	-	206,531	206,531	-
Solid waste transfer	598,432	647,975	-	-	-	49,543	49,543	-
Airport water/sewer	63,269	51,116	-	-	-	(12,153)	(12,153)	-
Airport testing	1,688	-	-	-	-	(1,688)	(1,688)	-
Passenger Facility Charge	30,773	103,775	-	-	-	73,002	73,002	-
Marina	218,772	245,249	17,500	-	-	43,977	43,977	-
Delinquent Tax Revolving Funds	-	365,967	-	-	-	365,967	365,967	-
Total Business Type Activities	17,703,895	16,321,673	38,164	73,962	-	(1,270,096)	(1,270,096)	-
TOTAL PRIMARY GOVERNMENT	\$ 26,186,677	\$ 17,743,621	\$ 2,212,869	\$ 73,962	(4,886,129)	(1,270,096)	(6,156,225)	-
Component Units:								
Western U.P. District Health Department	7,151,995	4,727,320	2,592,497	-	-	-	-	167,822
Road Commission	5,119,167	32,148	6,798,115	-	-	-	-	1,711,096
TOTAL COMPONENT UNITS	\$ 12,271,162	\$ 4,759,468	\$ 9,390,612	\$ -	-	-	-	1,878,918
General Revenues:								
Taxes					5,068,445	1,587,671	6,656,116	528,485
Interest and investment earnings					398,993	48,283	447,276	92,559
Miscellaneous					272,703	971,442	1,244,145	83,921
Transfers					(175,000)	175,000	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					5,565,141	2,782,396	8,347,537	704,965
CHANGE IN NET ASSETS					679,012	1,512,300	2,191,312	2,583,883
Net assets, beginning of year,					4,105,027	28,533,296	32,638,323	11,730,538
Prior Period Adjustment					(1,201,771)	1,201,771	-	-
NET ASSETS, END OF YEAR					\$ 3,582,268	\$ 31,247,367	\$ 34,829,635	\$ 14,314,421

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

SEPTEMBER 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,789,883	\$ 1,789,883
Receivables	373,558	22,688	396,246
Taxes receivable	1,361,560	-	1,361,560
Due from State	-	38,285	38,285
Loans receivable	-	125,594	125,594
Due from other funds	90,264	-	90,264
Prepaid expenses	51,778	-	51,778
TOTAL ASSETS	\$ 1,877,160	\$ 1,976,450	\$ 3,853,610
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Cash overdraft	\$ 886,807	\$ 35,804	\$ 922,611
Accounts payable	86,852	71,012	157,864
Due to other funds	210,000	15,549	225,549
Accrued payroll and related	31,833	4,094	35,927
Accrued sick and vacation	30,392	2,541	32,933
Deferred revenue	-	125,594	125,594
TOTAL LIABILITIES	1,245,884	254,594	1,500,478
FUND BALANCE:			
Restricted	-	30,886	30,886
Unreserved	631,276	1,690,970	2,322,246
TOTAL FUND BALANCE	631,276	1,721,856	2,353,132
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,877,160	\$ 1,976,450	\$ 3,853,610

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

Total Fund Balances for Governmental Funds	\$	2,353,132
---	-----------	------------------

*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		3,802,359
---	--	------------------

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Accrued interest on bonds	\$	37,645	
Current portion of compensated absences		120,433	
Current portion of bonds and notes payable		133,849	
Compensated absences		361,299	
Long-term portion of bonds and notes payable		1,919,997	
			(2,573,223)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	3,582,268
--	-----------	------------------

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	\$ 4,030,711	\$ 1,037,734	\$ 5,068,445
Licenses and permits	252,393	-	252,393
Federal sources	16,261	673,311	689,572
State sources	1,126,949	260,440	1,387,389
Local sources	-	97,744	97,744
Charges for services	1,081,500	88,055	1,169,555
Interest	373,733	25,260	398,993
Other revenues	221,420	66,672	288,092
TOTAL REVENUES	7,102,967	2,249,216	9,352,183
EXPENDITURES:			
Legislative	101,093	-	101,093
Judicial	1,312,955	21,775	1,334,730
General government	1,384,468	125,930	1,510,398
Public safety	1,743,181	1,130,968	2,874,149
Public works	34,617	-	34,617
Health and welfare	2,000	357,401	359,401
Community and economic development	-	53,587	53,587
Recreation and culture	149,405	-	149,405
Other	1,577,285	-	1,577,285
Capital Outlay	201,441	43,580	245,021
Debt service	118,500	99,067	217,567
TOTAL EXPENDITURES	6,624,945	1,832,308	8,457,253
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	478,022	416,908	894,930
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Transfers in	669,416	620,566	1,289,982
Transfers out	(792,062)	(672,920)	(1,464,982)
Transfers to component units	(176,998)	-	(176,998)
TOTAL OTHER FINANCING SOURCES (USES)	(299,644)	(52,354)	(351,998)
CHANGE IN FUND BALANCE	178,378	364,554	542,932
Fund balance, beginning of year	452,898	1,357,302	1,810,200
FUND BALANCE, END OF YEAR	\$ 631,276	\$ 1,721,856	\$ 2,353,132

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	542,932
---	-----------	----------------

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	176,479	
Depreciation expense	(191,090)	
Gain (loss) on disposal	(15,389)	
		(30,000)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	-
--	---

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	201,230
--	---------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(12,222)
--	----------

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(22,928)
--	----------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	679,012
--	-----------	----------------

COUNTY OF HOUGHTON, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	Business - Type Activities Enterprise Funds			
	Medical Care Facility Operating Fund	Airport Fund	Non-Major Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,270,757	\$ -	\$ 1,196,932	\$ 2,467,689
Investments	3,837,078	-	-	3,837,078
Investments-restricted	3,183,684	-	-	3,183,684
Accounts receivable, net	1,299,249	37,693	1,249,262	2,586,204
Due from State	752,988	-	-	752,988
Due from other funds	-	77,475	260,927	338,402
Inventory	123,625	60,850	4,526	189,001
Prepaid expense	203,570	12,312	6,546	222,428
TOTAL CURRENT ASSETS	10,670,951	188,330	2,718,193	13,577,474
Non-current Assets:				
Capital Assets - net of accumulated depreciation	6,196,116	14,812,722	612,163	21,621,001
TOTAL NON-CURRENT ASSETS	6,196,116	14,812,722	612,163	21,621,001
TOTAL ASSETS	16,867,067	15,001,052	3,330,356	35,198,475
LIABILITIES				
Current Liabilities:				
Cash fund overdraft	-	783,158	721,535	1,504,693
Accounts payable	324,431	62,125	86,565	473,121
Due to others	-	-	-	-
Due to other funds	-	-	199,644	199,644
Accrued payroll and related liabilities	178,206	4,423	2,895	185,524
Accrued sick and vacation pay	133,184	50,554	20,869	204,607
Current portion of long-term debt	-	2,484	16,812	19,296
Deferred revenue	963,010	-	1,663	964,673
TOTAL CURRENT LIABILITIES	1,598,831	902,744	1,049,983	3,551,558
Non-current Liabilities:				
Accrued sick and vacation pay	399,550	-	-	399,550
Bonds and notes payable	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	399,550	-	-	399,550
TOTAL LIABILITIES	1,998,381	902,744	1,049,983	3,951,108
NET ASSETS				
Invested in capital assets net of related debt	6,196,116	14,810,238	595,351	21,601,705
Unrestricted	8,672,570	(711,930)	1,685,022	9,645,662
TOTAL NET ASSETS	\$ 14,868,686	\$ 14,098,308	\$ 2,280,373	\$ 31,247,367

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Business - Type Activities Enterprise Funds			
	Medical Care Facility Operating Fund	Airport Fund	Non-Major Enterprise Funds	Total
OPERATING REVENUES:				
Charges for services (net)	\$ 13,400,532	\$ 872,818	\$ 1,932,543	\$ 16,205,893
Federal sources	-	-	-	-
State sources	-	6,980	31,184	38,164
Local sources	-	-	-	-
Penalties and interest on taxes	-	-	-	-
Collection fee on taxes	-	-	-	-
Interest earned	-	-	-	-
Other operating revenue	11,343	76,991	27,446	115,780
TOTAL OPERATING REVENUES	13,411,875	956,789	1,991,173	16,359,837
OPERATING EXPENSES:				
Personnel services	11,043,340	458,224	255,691	11,757,255
Supplies	1,357,539	395,507	180,695	1,933,741
Other services and charges	1,253,124	327,414	724,381	2,304,919
Depreciation	628,541	479,414	101,442	1,209,397
TOTAL OPERATING EXPENSES	14,282,544	1,660,559	1,262,209	17,205,312
OPERATING INCOME (LOSS)	(870,669)	(703,770)	728,964	(845,475)
NON-OPERATING REVENUES (EXPENSES):				
Property taxes	1,587,671	-	-	1,587,671
Local sources - capital	-	73,963	-	73,963
Other non-operating revenues	988,358	-	-	988,358
Interest income	-	63	48,220	48,283
Maintenance of effort	(494,178)	-	-	(494,178)
Interest expense	-	(621)	(3,785)	(4,406)
Gain (loss) on disposal of assets	-	-	(16,916)	(16,916)
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,081,851	73,405	27,519	2,182,775
INCOME (LOSS) BEFORE TRANSFERS	1,211,182	(630,365)	756,483	1,337,300
Transfers in	-	175,000	-	175,000
Transfers (out)	-	-	-	-
CHANGE IN NET ASSETS	1,211,182	(455,365)	756,483	1,512,300
Net assets, beginning of year	13,657,504	14,553,673	1,523,890	29,735,067
NET ASSETS, END OF YEAR	\$ 14,868,686	\$ 14,098,308	\$ 2,280,373	\$ 31,247,367

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Business -Type Activities Enterprise Funds			
	Medical Care Facility Operating Fund	Airport Fund	Non-Major Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from charges for services	\$ 13,752,975	\$ 949,023	\$ 2,017,245	\$ 16,719,243
Cash received from federal, state and local sources	-	6,980	31,184	38,164
Other operating revenue	11,343	76,991	27,446	115,780
Cash payments for personnel services	(10,920,446)	(451,635)	(274,479)	(11,646,560)
Cash payments for supplies	(1,354,860)	(375,940)	-	(1,730,800)
Cash payments for goods and services	(1,399,057)	(339,966)	(921,420)	(2,660,443)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	89,955	(134,547)	879,976	835,384
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in due to other funds	-	56,821	(168,122)	(111,301)
Cash received from property taxes	1,587,671	-	-	1,587,671
Cash received from other non-operating revenues	988,358	-	-	988,358
Cash payments for maintenance of effort	(494,178)	-	-	(494,178)
Transfers in (out)	-	175,000	-	175,000
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	2,081,851	231,821	(168,122)	2,145,550
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash payments for capital assets	(201,487)	(73,962)	-	(275,449)
Cash received for contributed capital	-	73,963	-	73,963
Principal payments on bonds and notes	-	(14,391)	(213,158)	(227,549)
Cash payments for interest expense	-	(621)	(3,785)	(4,406)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(201,487)	(15,011)	(216,943)	(433,441)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Increase) decrease in investments	(1,926,204)	-	-	(1,926,204)
(Increase) decrease in restricted investments	(457,955)	-	-	(457,955)
Interest income	-	63	48,220	48,283
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(2,384,159)	63	48,220	(2,335,876)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(413,840)	82,326	543,131	211,617
Cash and cash equivalents, beginning of year	1,684,597	(865,484)	(67,734)	751,379
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,270,757	\$ (783,158)	\$ 475,397	\$ 962,996
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (870,669)	\$ (703,770)	\$ 728,964	\$ (845,475)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	628,541	479,414	101,442	1,209,397
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(298,926)	76,205	89,062	(133,659)
(Increase) decrease in due from state	355,556	-	-	355,557
(Increase) decrease in inventory	2,679	19,567	1,989	24,235
(Increase) decrease in prepaid expenses	(19,164)	(132)	(3)	(19,299)
Increase (decrease) in accounts payable	(126,769)	(12,420)	(29,006)	(168,195)
Increase (decrease) in accrued payroll and related liabilities	60,239	260	(404)	60,095
Increase (decrease) in accrued sick and vacation	62,655	6,329	1,616	70,600
Increase (decrease) in deferred revenue	295,813	-	(13,684)	282,129
NET ADJUSTMENTS	960,624	569,223	151,012	1,680,860
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 89,955	\$ (134,547)	\$ 879,976	\$ 835,385

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,229,282</u>
TOTAL ASSETS	<u><u>\$ 1,229,282</u></u>
LIABILITIES	
Due to others	\$ 1,225,809
Due to other funds	<u>3,473</u>
TOTAL LIABILITIES	<u><u>\$ 1,229,282</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	Western U.P. District Health Department	Road Commission	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 304,085	\$ 1,547,372	\$ 1,851,457
Receivables, net	1,426,076	616,751	2,042,827
Inventory	-	490,266	490,266
Prepaid expenses	114,102	21,972	136,074
TOTAL CURRENT ASSETS	1,844,263	2,676,361	4,520,624
Non-Current Assets:			
Capital assets (net of accumulated depreciation):	748,532	10,906,964	11,655,496
Total Capital Assets	748,532	10,906,964	11,655,496
TOTAL NON-CURRENT ASSETS	748,532	10,906,964	11,655,496
TOTAL ASSETS	2,592,795	13,583,325	16,176,120
LIABILITIES			
Current Liabilities:			
Accounts payable	177,322	161,156	338,478
Accrued payroll	240,354	29,755	270,109
Compensated absences - current portion	152,196	97,660	249,856
Current portion of notes and contracts payable	19,409	-	19,409
Deferred revenue	-	294,183	294,183
TOTAL CURRENT LIABILITIES	589,281	582,754	1,172,035
Non-current Liabilities:			
Compensated absences	250,300	292,991	543,291
Notes payable	146,373	-	146,373
TOTAL NON-CURRENT LIABILITIES	396,673	292,991	689,664
TOTAL LIABILITIES	985,954	875,745	1,861,699
NET ASSETS			
Invested in capital assets net of related debt	582,750	10,906,964	11,489,714
Unrestricted	1,024,091	1,800,616	2,824,707
TOTAL NET ASSETS	\$ 1,606,841	\$ 12,707,580	\$ 14,314,421

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Western U.P. District Health Department	Road Commission	Total
Western U.P. District Health Department	\$ 7,151,995	\$ 4,727,320	\$ 2,592,497	\$ -	\$ 167,822	\$ -	\$ 167,822
Road Commission	5,119,167	32,148	6,798,115	-	-	1,711,096	1,711,096
TOTAL COMPONENT UNITS	\$ 12,271,162	\$ 4,759,468	\$ 9,390,612	\$ -	167,822	1,711,096	1,878,918
		General Revenues:					
		Property taxes			-	528,485	528,485
		Interest and investment earnings			4,054	88,505	92,559
		Miscellaneous			-	83,921	83,921
		TOTAL GENERAL REVENUES AND EXTRAORDINARY ITEMS			4,054	700,911	704,965
		CHANGE IN NET ASSETS			171,876	2,412,007	2,583,883
		Net assets, beginning of year			1,434,965	10,295,573	11,730,538
		NET ASSETS, END OF YEAR			\$ 1,606,841	\$ 12,707,580	\$ 14,314,421

The accompanying notes are an integral part of these financial statements.

COUNTY OF HOUGHTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Houghton, Michigan was organized in 1845 and covers an area of approximately 1,031 square miles with the County Seat located in Houghton, Michigan. The County operates under an elected Board of Commissioners of five (5) members and provides services, assistance and care to its residents.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the County are described below.

(1) REPORTING ENTITY

The County's financial statements present the County (the primary government) and its component units. In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the County may or may not be financially accountable and, as such, be includable within the County's financial statements. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the County.

Blended Component Units

The Houghton County Department of Health and Human Services is governed by a three member board. Two are appointed by the County Board and one is appointed by the governor. In addition, one County board member serves as a non-voting member. Although the employees are employed by the State of Michigan, and the State pays for most of the programs, the entity is considered part of the primary government because State law makes it a county organization.

The Houghton County Medical Care Facility (MCF) is governed by a three member board. Two are appointed by the County Board and one is appointed by the governor. In addition, one County board member serves as a non-voting member. Although it is distinct entity from the county, the MCF is reported as if it were part of the primary government because its sole purpose is to provide skilled nursing services to residents of the County of Houghton.

Discretely Presented Component Units

The component units columns in the combined financial statements include the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Western Upper Peninsula District Health Department (WUPDHD) provides limited health services to the residents of Houghton, Ontonagon, Gogebic, Baraga and Keweenaw Counties. The County of Houghton, and the other counties, provides an annual subsidy to the WUPDHD.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Houghton County Road Commission is responsible for the maintenance and construction of roads in the County of Houghton. The members of the governing board of the Road Commission are appointed by the County Commission. Although the County does not have the authority to approve or modify the Road Commission's operational and capital budgets, bonded debt must be approved by the County Commission.

Complete financial statements of the individual component units can be obtained from the Controller's office at the Courthouse or at the respective administrative offices as noted below:

- Houghton County Department of Health and Human Services
County Welfare Building - 200 Quincy Street
Hancock, Michigan 49930
- Houghton County Medical Care Facility
100 Quincy Street
Hancock, Michigan 49930
- Western Upper Peninsula District Health Department
540 Depot Street
Hancock, Michigan 49930
- Houghton County Road Commission
P.O. Box 269
Hancock, Michigan 49930

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's legislative, judicial, public safety, recreation and culture and general services and administration are classified as governmental activities. The County's Medical Care Facility, Solid Waste Transfer, Airport and Marina are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

General Fund – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Component Units – Component units are used to account for the discretely presented component units which follow governmental fund accounting guidelines.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the County:

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The County reports the following major governmental funds:

- The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County reports the following major proprietary funds:

- The **Medical Care Facility Operating Fund** accounts for the activities related to the operation of the County's Medical Care Facility.
- The **Airport Fund** accounts for the activities related to the operation of the County's Airport.

The County's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the County's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the general services and administration functional activity.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

“Available” means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

(5) FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The County Controller submits to the County Board of Commissioners proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Courthouse to obtain taxpayer comment.
- c. Pursuant to statute, prior to September 30 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing County budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Houghton County Board of Commissioners, through policy action, specifically directs the Controller not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Houghton County Controller is authorized by means of County policy to make certain transfers:
 1. The Controller receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amounts to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Commissioners.
 2. The following considerations must be reviewed in determination of transfer approvals:
 - a. Are the transfers consistent with the intent of the Board of Commissioners in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the County?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Controller will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the County Controller and submitted to the Budget Committee for further consideration. If approved, they are transmitted to the County Board of Commissioners for their review and approval. If approved, they are implemented by the Controller's Office through a budget revision.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- f. The County of Houghton adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Commissioners, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General and Special Revenue Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the County Board of Commissioners.

Cash Equivalents and Investments – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and certificates of deposit. Investments are carried at fair value.

Inventory – Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Special Revenue and Enterprise Funds consists of expendable supplies and materials held for consumption. Inventory is charged to operations upon consumption by the various operating funds within the County.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	20-40 years
Building, structures and improvements	40 years
Equipment	5-20 years
Water and Sewage System	20 years
Vehicles	5 years
Infrastructure	20-50 years

Long-Term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes – The County of Houghton, Michigan property tax is levied on each December 1st and July 1st on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31st and July 1st.

Although the County of Houghton, Michigan 2007 ad valorem tax is levied and collectible on July 1, 2007, and valorem tax is levied and collectible on July 1, 2007, it is the County of Houghton, Michigan's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means levied and the tax collection period is within the current fiscal year.

The July 1, 2007 taxable valuation totaled \$650,787,603, on which ad valorem taxes levied consisted of 6.1281 mills for the County of Houghton, Michigan operation purposes, 2.0754 mills for the Revenue Sharing Fund, 1.3493 mills for County Road Commission operating, and 2.6059 mills for Medical Care Facility Operations. These amounts are recognized in the respective General, Special Revenue Fund, Component Unit and Enterprise Fund financial statements as revenue.

Compensated Absences – The County accrues accumulated unpaid vacation and sick leave days and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

- (1) The Economic Development Revolving Loan Special Revenue Fund type has deferred revenue amounting to \$125,594. This amount represents Michigan Small Cities Block Grant Loans to various businesses. Terms vary with respect to repayment of these loans. Proceeds from repayments on these loans will be used for future County economic development.
- (2) The 911 Enterprise Fund has deferred revenue amounting to \$1,663. This amount represents a grant from the State of Michigan for equipment purchases in fiscal year 2005 that was not fully used by the end of 2007.
- (3) The Houghton County Road Commission has deferred revenue of \$294,183. This amount represents advance grant/contract payments from the State of Michigan.
- (4) The Medical Care Facility has deferred revenue of \$963,010. This amount represents future Medicaid interim payments.

Interfund Activity – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and its component units from the Statement of Net Assets:

	Primary Government	Component Units	Fiduciary Funds	Total
Unrestricted:				
Cash and cash equivalents	\$1,830,268	\$1,851,457	\$1,229,282	\$4,911,007
Investments	3,837,078	-	-	3,837,078
Restricted:				
Cash and cash equivalents	-	-	-	-
Investments	3,183,684	-	-	3,183,684
TOTALS	\$8,851,030	\$1,851,457	\$1,229,282	\$11,931,769

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State law does not require and the County does not have a deposit policy for custodial credit risk. The carrying amounts of the primary government, component unit and fiduciary fund's deposits with financial institutions were \$4,911,010 and the bank balance was \$6,334,975. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the County in its name	\$ 799,884
Amount uncollateralized and uninsured	5,535,091
	<u>\$ 6,334,975</u>

Investments

As of September 30, 2007, the County had the following investments.

	Fair Value	Investment Maturities (In years)			
		Less than 1	1-5	6-10	More than 10
PRIMARY GOVERNMENT:					
Unrestricted Investments:					
Federal Government Obligation Principal	\$3,837,078	\$3,837,078	\$ -	\$ -	\$ -
Restricted Investments:					
Federal Government Obligation Principal	306,907	306,907	-	-	-
U.S. Government Agencies	2,876,777	907,033	1,600,006	369,738	-
TOTAL INVESTMENTS	\$7,020,762	\$5,051,018	\$1,600,006	\$369,738	\$ -

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County's investments. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the County to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The County has no investment policy that would further limit its investment choices. Ratings are not required for the County's investment in U.S. Government Agencies or equity-type funds. The County's investments are in accordance with statutory authority.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE C – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at September 30, 2006	Additions	Disposals	Balance at September 30, 2007
GOVERNMENTAL ACTIVITIES:				
Construction in progress	\$ 12,425	\$ -	\$(12,425)	\$ -
Land	1,117,565	-	-	1,117,565
Total Capital Assets, not being depreciated	<u>1,129,990</u>	<u>-</u>	<u>\$(12,425)</u>	<u>1,117,565</u>
Buildings and improvements	3,181,789	-	-	3,181,789
Vehicles	462,515	85,229	(42,492)	505,252
Furniture and equipment	233,064	91,250	-	324,314
Total Capital Assets, being depreciated	<u>3,877,368</u>	<u>176,479</u>	<u>(42,492)</u>	<u>4,011,355</u>
Less Accumulated Depreciation:				
Buildings and improvements	(766,995)	(94,581)	-	(861,576)
Vehicles	(351,827)	(39,138)	39,528	(351,437)
Furniture and equipment	(56,177)	(57,371)	-	(113,548)
Total Accumulated Depreciation	<u>(1,174,999)</u>	<u>(191,090)</u>	<u>39,528</u>	<u>(1,326,561)</u>
Governmental Activities Capital Assets, Net	<u>\$3,832,359</u>	<u>\$(14,611)</u>	<u>\$(15,389)</u>	<u>\$3,802,359</u>

NOTE C – CAPITAL ASSETS (Continued):

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

Legislative	\$ -
General and Administrative	121,449
Public Safety	53,568
Recreation and Culture	16,073
Total	<u>\$191,090</u>

A summary of changes in business-type activities capital assets is as follows:

	Balance at September 30, 2006	Additions	Disposals	Balance at September 30, 2007
BUSINESS-TYPE ACTIVITIES:				
Construction in progress	\$101,029	\$196,463	\$(110,935)	\$186,557
Land	<u>175,448</u>	<u>-</u>	<u>-</u>	<u>175,448</u>
Total Capital Assets, not being depreciated	<u>276,477</u>	<u>196,463</u>	<u>(110,935)</u>	<u>362,005</u>
Buildings and improvements	11,964,233	80,955	(1,020,489)	11,024,699
Vehicles	2,083,089	-	-	2,083,089
Furniture and equipment	3,843,257	22,177	(758,233)	3,107,201
Infrastructure	<u>15,085,327</u>	<u>55,887</u>	<u>-</u>	<u>15,141,214</u>
Total Capital Assets, being depreciated	<u>32,975,906</u>	<u>159,019</u>	<u>(1,778,722)</u>	<u>31,356,203</u>
Less Accumulated Depreciation:				
Buildings and improvements	(5,672,900)	(518,298)	1,019,972	(5,171,226)
Vehicles	(1,521,016)	(79,321)	-	(1,600,337)
Furniture and equipment	(2,763,445)	(213,026)	772,737	(2,203,734)
Infrastructure	<u>(723,158)</u>	<u>(398,752)</u>	<u>-</u>	<u>(1,121,910)</u>
Total Accumulated Depreciation	<u>(10,680,519)</u>	<u>(1,209,397)</u>	<u>1,792,709</u>	<u>(10,097,207)</u>
Business-Type Activities Capital Assets, Net	<u>\$22,571,864</u>	<u>\$ (853,915)</u>	<u>\$ (96,948)</u>	<u>\$21,621,001</u>

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Medical Care Facility	\$628,541
Airport	479,414
911 Fund	63,760
Solid Waste Transfer	32,830
Airport – Water/Sewer	-
Airport – Testing	1,688
Marina	3,164
Delinquent Tax Revolving Funds	-
Total Depreciation Expense – Business-Type Activities	<u>\$1,209,397</u>

A summary of component unit's capital assets is as follows:

	Western UP District Health	Road Commission	Total Component Units
COMPONENT UNITS:			
Land	<u>\$ 90,000</u>	<u>\$ 93,137</u>	<u>\$ 183,137</u>
Total Capital Assets, not being depreciated	<u>90,000</u>	<u>93,137</u>	<u>183,137</u>
Land improvements	17,595	-	17,595
Depletable assets	-	102,093	102,093
Buildings and improvements	1,461,833	1,446,256	2,908,089

NOTE C – CAPITAL ASSETS (Continued):

	Western UP District Health	Road Commission	Total Component Units
Furniture and equipment	\$160,062	\$7,600,116	\$7,760,178
Infrastructure	-	10,923,453	10,923,453
Total Capital Assets, being depreciated	<u>1,639,490</u>	<u>20,071,918</u>	<u>21,711,408</u>
Less Accumulated Depreciation:			
Land improvements	(16,922)	-	(16,922)
Depletable assets	-	(42,422)	(42,422)
Buildings and improvements	(827,488)	(758,726)	(1,586,214)
Furniture and equipment	(136,548)	(6,861,148)	(6,997,696)
Infrastructure	-	(1,595,795)	(1,595,795)
Total Accumulated Depreciation	<u>(980,958)</u>	<u>(9,258,091)</u>	<u>(10,239,049)</u>
Component Units Capital Assets, net	<u>\$ 748,532</u>	<u>\$10,906,964</u>	<u>\$11,655,496</u>

Depreciation expense for the component units was charged to the following functions:

Component Units:	
Western U.P. District Health	\$68,944
Road Commission	<u>1,018,326</u>
Total Depreciation Expense – Component Units	<u>\$1,087,270</u>

NOTE D – LONG-TERM DEBT:

SCHEDULE OF COURTHOUSE IMPROVEMENT BOND

September 30, 2007

	December 1	June 1		
	<u>Interest</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$20,638	\$20,637	\$25,000	\$66,275
2008-2009	20,200	20,200	30,000	70,400
2009-2010	19,600	19,600	35,000	74,200
2010-2011	18,900	18,900	40,000	77,800
2011-2012	18,100	18,100	45,000	81,200
2012-2013	17,200	17,200	50,000	84,400
2013-2014	16,200	16,200	55,000	87,400
2014-2015	14,963	14,962	60,000	89,925
2015-2016	13,613	13,612	65,000	92,225
2016-2017	12,150	12,150	70,000	94,300
2017-2018	10,575	10,575	75,000	96,150
2018-2019	8,888	8,887	80,000	97,775
2019-2020	7,088	7,087	80,000	94,175
2020-2021	5,288	5,287	80,000	90,575
2021-2022	3,488	3,487	80,000	86,975
2022-2023	<u>1,688</u>	<u>1,687</u>	<u>75,000</u>	<u>78,375</u>
Totals	<u>\$208,579</u>	<u>\$208,571</u>	<u>\$945,000</u>	<u>\$1,362,150</u>

The Courthouse Improvement Bond consists of a general obligation bond through Superior National Bank and Trust. This bond was incurred for remodeling of the Courthouse Facility and new adjacent storage facilities. The bond will be paid for from the general fund.

NOTE D – LONG-TERM DEBT (Continued):

SCHEDULE OF BROWNFIELD REDEVELOPMENT

September 30, 2007

	October 3		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$5,859	\$41,021	\$46,880
2008-2009	4,936	41,944	46,880
2009-2010	3,992	42,888	46,880
2010-2011	3,027	43,853	46,880
2011-2012	2,041	44,839	46,880
2012-2013	1,031	45,849	46,880
TOTALS	<u>\$20,886</u>	<u>\$260,394</u>	<u>\$281,280</u>

The City of Houghton borrowed on behalf of Houghton County \$425,000 with State of Michigan Department of Environmental Quality Environmental Response Division a Brownfield Redevelopment Authority Tax Incremental Revenue Loan for the redevelopment of the former Houghton High School lot. The payments will be paid from the general fund.

**SCHEDULE OF MICHIGAN ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT REPAYMENT**

September 30, 2007

	Nov 1	Feb 1	May 1	Aug 1	
	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$1,074	\$1,074	\$1,074	\$1,074	\$4,296
2008-2009	1,074	1,074	1,074	1,074	4,296
2009-2010	1,074	1,074	1,074	1,074	4,296
2010-2011	1,074	1,074	1,074	1,074	4,296
2011-2012	1,074	1,074	1,074	1,074	4,296
2012-2013	1,074	1,074	1,074	1,074	4,296
2013-2014	1,074	1,074	1,074	1,074	4,296
2014-2015	1,074	1,074	1,074	1,074	4,296
2015-2016	1,074	1,074	1,074	1,074	4,296
2016-2017	1,074	1,074	1,074	1,074	4,296
2017-2018	1,074	1,074	1,074	1,074	4,296
2018-2019	1,074	1,059	-	-	2,133
TOTALS	<u>\$12,888</u>	<u>\$12,873</u>	<u>\$11,814</u>	<u>\$11,814</u>	<u>\$49,389</u>

The Michigan Economic Development Community Development Block Grant Repayment is for the County not meeting the long term requirements of job creation of the CDBG Airpark Improvement Grant. Therefore, the County is required to pay back part of this grant. This payment will be made from the Airpark Improvement Fund.

SCHEDULE OF JAIL VENTILATION LOAN

September 30, 2007

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$3,726	\$13,944	\$17,670
2008-2009	3,245	14,425	17,670
2009-2010	2,747	14,923	17,670
2010-2011	2,232	15,438	17,670
2011-2012	1,699	15,971	17,670
2012-2013	1,148	16,522	17,670
2013-2014	577	16,726	17,303
TOTALS	<u>\$15,374</u>	<u>\$107,949</u>	<u>\$123,323</u>

The County borrowed \$146,981 from Superior National Bank to update the jail ventilation system. This payment will be made from the general fund.

NOTE D – LONG-TERM DEBT (Continued):

SCHEDULE OF ARENA PROJECT BOND
September 30, 2007

	April 1	October 1		
	<u>Interest</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$14,171	\$13,972	\$10,000	\$38,143
2008-2009	13,971	13,771	10,000	37,742
2009-2010	13,771	13,572	10,000	37,343
2010-2011	13,571	13,371	10,000	36,942
2011-2012	13,371	13,172	10,000	36,543
2012-2013	13,171	12,871	15,000	41,042
2013-2014	12,871	12,572	15,000	40,443
2014-2015	12,571	12,271	15,000	39,842
2015-2016	12,271	11,972	15,000	39,243
2016-2017	11,971	11,571	20,000	43,542
2017-2018	11,571	11,167	20,000	42,738
2018-2019	11,166	10,756	20,000	41,922
2019-2020	10,756	10,337	20,000	41,093
2020-2021	10,336	9,906	20,000	40,242
2021-2022	9,906	9,357	25,000	44,263
2022-2023	9,356	8,793	25,000	43,149
2023-2024	8,793	8,219	25,000	42,012
2024-2025	8,218	7,638	25,000	40,856
2025-2026	7,637	6,933	30,000	44,570
2026-2027	6,932	6,221	30,000	43,153
2027-2028	6,220	5,501	30,000	41,721
2028-2029	<u>5,500</u>	<u>-</u>	<u>220,000</u>	<u>225,500</u>
Totals	<u>\$238,101</u>	<u>\$223,943</u>	<u>\$620,000</u>	<u>\$1,082,044</u>

The Arena Project Bond consists of a general obligation bond through Superior National Bank and Trust. This bond was incurred for remodeling of the Houghton County Ice Arena. The bond will be paid for from the general fund.

SCHEDULE OF BS&A SOFTWARE
September 30, 2007

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$ -	\$31,525	\$31,525
2008-2009	<u>-</u>	<u>31,525</u>	<u>31,525</u>
TOTALS	<u>\$ -</u>	<u>\$63,050</u>	<u>\$63,050</u>

BS&A Software purchase originally issued for \$94,575 and dated December 16, 2005, payments are to be made annually, with an interest rate of 0.00%. These payments will be made from the General Fund.

SCHEDULE OF 2006 CROWN VICTORIA NOTE
PAYABLE
September 30, 2007

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	<u>\$520</u>	<u>\$8,064</u>	<u>\$8,584</u>
TOTALS	<u>\$520</u>	<u>\$8,064</u>	<u>\$8,584</u>

2006 Ford Crown Victoria note payable originally issued for \$25,753 and dated April 28, 2006, payments are to be made annually, with an interest rate of 6.45%. These payments will be made from the General Fund.

NOTE D – LONG-TERM DEBT (Continued):

SCHEDULE OF AIRCRAFT REFUELER
September 30, 2007

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$18	\$2,484	\$2,502
TOTALS	<u>\$18</u>	<u>\$2,484</u>	<u>\$2,502</u>

Aircraft REFUELER Note originally issued for \$85,637 and dated November 29, 2000, mature Monthly with principal and interest as scheduled above and bears interest at 6% per annum. These payments will be made from the Airport Fund.

SCHEDULE OF RANGE TELECOMMUNICATIONS FOR THE 911 FUND
September 30, 2007

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$1	\$7,082	\$7,083
TOTALS	<u>\$1</u>	<u>\$7,082</u>	<u>\$7,083</u>

Range Telecommunications Note originally issued for \$222,000 and dated January 1, 2005, mature Monthly with principal and interest as scheduled above and bears interest at 2.75% per annum. These payments will be made from the 911 Fund.

SCHEDULE OF MOTOROLA TELECOMMUNICATIONS FOR THE 911 FUND
September 30, 2007

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2007-2008	\$-	\$9,730	\$9,730
TOTALS	<u>\$-</u>	<u>\$9,730</u>	<u>\$9,730</u>

Motorola Telecommunications Note originally issued for \$305,000 and dated January 1, 2005, mature Monthly with principal and interest as scheduled above and bears interest at 2.75% per annum. These payments will be made from the 911 Fund.

SCHEDULE OF WESTERN U.P. DISTRICT HEALTH DEPARTMENT LOANS
September 30, 2007

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007-2008	\$19,409	\$8,633	\$28,042
2008-2009	20,504	7,538	28,042
2009-2010	21,660	6,382	28,042
2010-2011	22,882	5,160	28,042
2011-2012	24,173	3,869	28,042
2012-2013	25,536	2,506	28,042
2013-2014	26,977	1,065	28,042
2014-2015	4,640	33	4,673
TOTALS	<u>\$165,781</u>	<u>\$35,186</u>	<u>\$200,967</u>

On September 29, 2000, the Health Department entered into a 15 year land contract with Baraga Houghton Keweenaw Child Development Board and the Copper Country Intermediate School District for the shared use of a building in Lanes. The agreement, effective January 1, 2000, requires monthly payments of \$2,377, which includes interest at a rate of 5.5%.

On December 26, 1991, the Health Department entered into an installment purchase agreement payable over 178 months for the acquisition of the Hancock facility. The agreement, effective December 1, 1991, requires monthly payments of \$11,354, which includes interest at a rate of 9%.

NOTE D – LONG-TERM DEBT (Continued):

Changes in long-term debt principal during the year ended September 30, 2006 are summarized as follows:

	September 30, 2006	Additions	Subtractions	September 30, 2007	Due Within One Year
Governmental Activities:					
Sewage Disposal System General Obligation Bonds issued for \$1,765,000 dated November 1, 1977. These bonds bear interest of 5% per annum. Bonds maturing in the years 1990-2007 shall be subject to redemption prior to maturity, at the option of the County, in inverse numerical order, on any interest payment to the date on or after May 1, 1986, at par and accrued interest to the date fixed for redemption.	\$90,000	\$-	\$90,000	\$-	\$-
Courthouse Improvement Bond issued on June 1, 2005 for \$995,000. These bonds bear interest of 3% from June 1, 2005 to June 1, 2006; 3.5% from June 2, 2006 to June 1, 2008; 4% from June 2, 2008 to June 1, 2013 and 4.5% from June 2, 2013 to June 1, 2023. Payments are due semi-annually on June 1, (principal and interest) and December 1, (interest) of each year.	965,000	-	20,000	945,000	25,000
Brownfield Redevelopment Authority Tax Incremental Revenue Loan issued for \$425,000 dated October 2, 2004. These loans bear interest of 2.25% per annum. 10 payments of \$26,880 are due annually on October 3 rd , (principal and Interest) of each year.	300,513	-	40,119	260,394	41,021
Michigan Economic Development Community Development Block Grant Repayment issued for \$61,200 dated September 30, 2005. This repayment bears interest of 0% per annum. 57 payments of \$1,074 are due quarterly November 1, February 1, May 1, and August 1 (principal only) of each year.	53,685	-	4,296	49,389	4,296
Note Payment for the jail ventilation projects in the amount of \$146,981 at 3.5% interest, due to Superior National Bank, with 10 annual payments of \$17,670, due on May 25 th of each year.	121,427	-	13,478	107,949	13,944
Arena Project Bond issued on November 1, 2004 for \$650,000. These bonds bear interest of 4% from November 1, 2004 to October 1, 2017; 4.05% from October 1, 2017 to October 1, 2018; 4.1% from October 1, 2018 to October 1, 2019; 4.2% from October 1, 2019 to October 1, 2020; 4.3% from October 1, 2020 to October 1, 2021; 4.4% from October 1, 2021 to October 1, 2022; 4.5% from October 1, 2022 to October 1, 2023; 4.6% from October 1, 2023 to October 1, 2024; 4.65% from October 1, 2024 to October 1, 2025; 4.7% from October 1, 2025 to October 1, 2026; 4.75% from October 1, 2026 to October 1, 2027; 4.8% from October 1, 2027 to October 1, 2028; 5% from October 1, 2028 to October 1, 2029; Payments are due semi-annually April 1 (Interest) and October 1 (principal and interest), of each year	630,000	-	10,000	620,000	10,000
BS&A – Property Tax Software was purchased on December 16, 2005. This purchase has financing terms of 0.00%, to be paid in 4 annual payments.	78,813	-	15,763	63,050	31,525
2006 Ford Crown Victoria Note Payable was issued on April 28, 2006, for the amount of 25,754 at 6.45% interest.	15,640	-	7,576	8,064	8,064
Total Governmental Activities	2,255,078	-	201,232	2,053,846	133,850
Business-Type Activities:					
Airport Fund loan for ReFueller in the amount of \$85,637 for 84 months at 6% interest.	16,875	-	14,391	2,484	2,484
Note Payable for Radios purchased from Range Telecommunications for the 911 fund; in the amount of \$222,000 at 2.75% interest, due to Superior National Bank. With 33 monthly payments of \$6,991.01, due on the 28th of each month.	89,456	-	82,374	7,082	7,082
Note Payable for radios purchased from Motorola, Inc. for the 911 fund; in the amount of \$305,000 at 2.75% interest, due to Superior National Bank. With 33 monthly payments of \$9,604.76, due on the 28th of each month.	123,025	-	113,295	9,730	9,730

NOTE D – LONG-TERM DEBT (Continued):

	September 30, 2006	Additions	Subtractions	September 30, 2007	Due Within One Year
Solid Waste Transfer Fund Loan for 2005 Semi-Truck in the amount of \$86,991 with interest at 1.88% and semi-annual payments on January 1 for interest and July 1 for interest and principal \$17,398).	\$17,398	\$-	\$17,398	\$-	\$-
Total Business-Type Activities	246,754	-	227,458	19,296	19,296
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	2,501,832	-	428,905	2,072,927	152,931
Discrete Component Units:					
Installment Purchase Agreements	184,372	-	18,372	165,781	19,409
TOTAL LONG-TERM DEBT	\$2,686,204	\$-	\$447,062	\$2,238,923	\$172,555

Annual maturities on the Long-Term Debt are as follows:

	Governmental Activities		Business-Type Activities		Component Unit Activities	
	Principle	Interest	Principle	Interest	Principle	Interest
2007-2008	\$133,849	\$79,524	\$19,296	\$19	\$19,409	\$8,633
2008-2009	132,189	76,323	-	-	20,504	7,538
2009-2010	107,106	73,282	-	-	21,660	6,382
2010-2011	113,586	70,001	-	-	22,882	5,160
2011-2012	120,105	66,483	-	-	24,173	3,869
2012-2017	480,572	275,118	-	-	57,153	3,604
2017-2022	506,439	175,908	-	-	-	-
2022-2026	210,000	82,115	-	-	-	-
2026-2029	250,000	17,221	-	-	-	-
TOTAL	\$2,053,846	\$915,975	\$19,296	\$19	\$165,781	\$35,186

NOTE E – VESTED EMPLOYEE BENEFITS:

The County accrues the liability for earned sick leave based on the vesting method. The liability is accrued as the benefits are earned if it is probable that the County will compensate the employees conditioned upon retirement, death or termination of employment. Employees earn annual vacation, sick, and combined leave at a rate of a certain number of days per year based on the number of years of service up to a maximum number of accumulated days. Annual vacation, sick, and combined leave days are based on various Labor Union Contract terms and administrative policies of the primary government.

	Accrued Sick and Vacation
Primary Government:	
Current portion	\$357,973
Long-term portion	760,850
Total	\$1,118,823
Component Units:	
Current portion	\$249,856
Long-term portion	543,291
Total	\$793,147

NOTE F – FUND MODIFICATIONS (TRANSFER TO/FROM OTHER FUNDS):

The County of Houghton, Michigan reports inter-fund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of inter-fund balances presented in the statements of net assets/balance sheet for governmental funds. Inter-fund transactions resulting in inter-fund receivables and payables are as follows:

NOTE F – FUND MODIFICATIONS (TRANSFER TO/FROM OTHER FUNDS) (Continued):

		Due To Other Funds				
		General Fund	Non-Major Governmental Funds	Non-Major Enterprise Funds	Fiduciary Funds	Total
Due From Other Funds	General Fund	\$ -	\$ -	\$ 86,791	\$ 3,473	\$90,264
	Non-Major Governmental Funds	-	-	-	-	-
	Airport Fund	-	-	77,475	-	77,475
	Non-Major Enterprise Funds	210,000	15,549	35,378	-	260,927
	Total	\$210,000	\$15,549	\$199,644	\$3,473	\$428,666

All balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

		Transfer Out To Other Funds				
		General Fund	Non-Major Governmental Funds	Non-Major Enterprise Funds	Component Units	Total
Transfer In From Other Funds	General Fund	\$ -	\$ 669,416	\$ -	\$ -	\$ 669,416
	Non-Major Governmental Funds	617,062	3,504	-	-	620,566
	Airport Fund	175,000	-	-	-	175,000
	Non-Major Enterprise Funds	-	-	-	-	-
	Component Units	176,998	-	-	-	176,998
Total		\$ 969,060	\$ 672,920	\$ -	\$ -	\$ 1,641,980

NOTE G – RESTRICTED FUND EQUITY AND INVESTMENTS:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The Tri-County Community Corrections – Special Revenue Fund has restricted fund balance totaling \$30,886 which represents the balance available for pay for compensated absences earned on grant employees.

The Medical Care Facility – Enterprise Fund has restricted investment balance totaling \$3,183,684 which represents \$2,833,684 for replacement of capital assets and \$350,000 for workers compensation contingencies.

NOTE G – RESTRICTED FUND EQUITY AND INVESTMENTS (Continued):

The July 1, 2007 taxable valuation totaled \$650,787,603, on which ad valorem taxes levied consisted of 6.1281 mills for the County of Houghton, Michigan operation purposes, this amount is recognized in the General Fund financial statements as revenue.

NOTE H – CONTINGENT LIABILITIES:

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the county at September 30, 2007.

Risk Management – The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has obtained commercial insurance to handle its risk of loss.

Cost Settlement – Medical care facility services rendered to various insurance program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a client classification system that is based on clinical, diagnostic, and other factors. Certain health services and defined capital costs are paid based on a cost reimbursement methodology. The facility reports such activity through the submission of its annual cost reports which are subject to audit by the fiscal intermediary. The facility's classification of clients under the program and the appropriateness of their admission are subject to an independent review by a peer review organization.

NOTE I – JOINT VENTURE COMMUNITY MENTAL HEALTH SERVICES:

Pursuant to an amendment to the Mental Health Code, Public Act 290 of 1995 the Counties of Houghton, Baraga, Keweenaw, and Ontonagon created a Community Mental Health Authority with powers and duties as defined in Section 205, MCL 330.1205, known as Copper Country Community Mental Health Services Board. Under such provisions the Copper Country Community Mental Health Services Board became a separate legal entity from the respective counties and has its own reporting unit. The Board consists of members of the participating counties as appointed by the respective county. The Board has full power to comply and carry out the financial and clinical provisions of the Mental Health Code. Summary financial information as of and for the fiscal year ended September 30, 2007 for the Board is as follows:

Assets	\$10,629,129
Liabilities	3,307,004
Fund Equity	7,322,125
Total Revenues	15,834,449
Total Expenditures	15,928,744
Net Increase (Decrease) in Fund Equity	(94,295)

The separately issued financial statements can be obtained from the administrative office of the Board at:

Copper Country Community Mental Health
901 West Memorial Drive
Houghton, MI 49931

NOTE J – OTHER POST EMPLOYMENT BENEFITS:

The County of Houghton offers group benefit health insurance coverage under various collective bargaining agreements covering substantially all employees and selected former employees of the County. This benefit is accounted for on the "pay-as-you-go" method, whereby the County is reporting the amounts paid as expenditures in the year the amount is paid for the benefit provided. The amount paid for retired employees for the period ended September 30, 2007 for two employees was \$4,800.

NOTE K – PENSION PLAN:

DEFINED BENEFIT PENSION PLAN – COUNTY

Plan Description – The County participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the County. The System provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining units, and requires a contribution from the employees of 0 - 3.6% of gross wages.

Annual Pension Cost – For year ended September 30, 2007, the County's annual pension cost of \$549,120 for the plan was equal to the County's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payrolls on a closed basis. The remaining amortization period is 30 years.

Three Year Trend Information from Actuarial Valuation Fiscal Year Ended December 31			
	2004	2005	2006
Annual Pension Cost (APC)	\$667,144	\$620,884	\$658,705
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	-	-	-
Actuarial Value of Assets	\$10,605,773	\$11,342,371	\$12,146,243
Actuarial Accrued Liability (AAL)	\$15,480,216	\$16,440,586	\$17,771,192
Unfunded AAL (UAAL)	\$4,874,443	\$5,098,215	\$5,624,949
Funded Ratio	69%	69%	68%
Covered Payroll	\$3,401,483	\$3,395,304	\$3,619,208
UAAL as a Percentage of Covered Payroll	143%	150%	155%

DEFINED BENEFIT PENSION PLAN – MEDICAL CARE FACILITY

Plan Description – The Facility participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the Facility. The System provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

NOTE K – PENSION PLAN (Continued):

Funding Policy– The obligation to contribute to and maintain the system for these employees was established by negotiation with the Facility's competitive bargaining units, and requires a contribution from the employees of 0 - 3.6% of gross wages.

Annual Pension Cost– For year ended September 30, 2007, the Facility's annual pension cost of \$804,211 for the plan was equal to the Facility's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 7.0 investment rate of return, and (b) projected salary increases of 4.0 percent per year. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payrolls on a closed basis. The remaining amortization period is 30 years.

Three Year Trend Information from Actuarial Valuation Fiscal Year Ended December 31			
	2004	2005	2006
Annual Pension Cost (APC)	\$510,576	\$753,491	\$804,211
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	-	-	-
Actuarial Value of Assets	\$12,991,807	\$14,024,905	\$15,089,316
Actuarial Accrued Liability (AAL)	\$13,652,549	\$15,391,955	\$15,954,864
Unfunded AAL (UAAL)	\$660,742	\$1,367,050	\$865,548
Funded Ratio	95%	91%	95%
Covered Payroll	\$6,399,200	\$6,585,290	\$6,732,337
UAAL as a Percentage of Covered Payroll	10%	21%	13%

DEFINED BENEFIT PENSION PLAN – WESTERN DISTRICT UPPER PENINSULA HEALTH DEPARTMENT

Plan Description– The Western Upper Peninsula District Health Department participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the Western Upper Peninsula District Health Department. The System provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at MERS, 1134 Municipal Way, Lansing, MI 48917.

Funding Policy– The obligation to contribute to and maintain the system for these employees was established by negotiation with the Western Upper Peninsula District Health Department's competitive bargaining units, and requires a contribution from the employees of 0% of gross wages.

Annual Pension Cost– For the year ended September 30, 2007, the Health Department's annual pension cost of \$372,168 for the plan was less than the Western Upper Peninsula District Health Department's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 4.5 percent per year and (c) a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

NOTE K – PENSION PLAN (Continued):

Three Year Trend Information from Actuarial Valuation
Fiscal Year Ended December 31

	2004	2005	2006
Annual Pension Cost (APC)	\$261,863	\$308,514	\$311,199
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	-	-	-
Actuarial Value of Assets	\$6,365,075	\$6,759,862	\$7,289,133
Actuarial Accrued Liability (AAL)	\$6,970,652	\$8,058,572	\$8,642,301
Unfunded AAL (UAAL)	\$605,577	\$1,298,710	\$1,353,168
Funded Ratio	91%	84%	84%
Covered Payroll	\$3,054,386	\$3,248,327	\$3,169,242
UAAL as a Percentage of Covered Payroll	20%	40%	403%

DEFINED BENEFIT PENSION PLAN – HOUGHTON COUNTY ROAD COMMISSION

Plan Description – The Houghton County Road Commission participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all nonunion employees of the Road Commission. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at MERS, 1134 Municipal Way, Lansing, MI 48917.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the Houghton County Road Commission's competitive bargaining units and requires a contribution from the employees of 16.62% of gross wages for the County Road Commission.

Annual Pension Costs – For year ended 2006, Houghton County Road Commission's annual pension cost of \$80,088 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age normal funding method. Significant actuarial assumptions used include: (1) an 8% investment rate of return; (2) projected salary increases of 4.5% per year; and (3) 4.5% per year cost of living adjustments. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information as of September 30 follows:

Three Year Trend Information from Actuarial Valuation
Fiscal Year Ended December 31

	2003	2004	2005
Annual Pension Cost (APC)	\$62,646	\$79,991	\$60,425
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	-	-	-
Actuarial Value of Assets	\$2,439,095	\$2,598,835	\$2,593,845
Actuarial Accrued Liability (AAL)	\$2,873,598	\$3,255,374	\$3,494,787
Unfunded AAL (UAAL)	\$434,504	\$656,539	\$900,942
Funded Ratio	85%	80%	74%
Covered Payroll	\$395,083	\$281,910	\$320,611
UAAL as a Percentage of Covered Payroll	110%	233%	281%

NOTE K – PENSION PLAN (Continued):

The Houghton County Road Commission provides pension benefits to all of its full-time union employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by union contract, the Houghton County Road Commission contributes a fixed amount per the union agreement, plus interests allocated to the employee's account, and are fully vested after 10 years of service.

The current year contribution was calculated based on \$65 per employee, for 40 employees, resulting in an employer contribution of \$120,575 and employee contributions of \$-0-.

NOTE L – DEFICIT CASH AND INVESTMENT BALANCES:

At September 30, 2007 the following funds had a material cash and investment deficit:

<u>Fund</u>	<u>Deficit Cash/ Investment Balance</u>
Governmental Activities:	
General Fund	\$886,807
Special Revenue:	
Region 8 – All County Grant	4,866
Department of Veteran Affairs	30,938
Business-Type Activities:	
Airport	783,158
Airport – Water/Sewer	33,853
2006 Delinquent Tax Revolving	687,682

NOTE M – FUND EQUITY DEFICIT BALANCES:

At September 30, 2007 the following funds had an unrestricted fund equity deficit:

<u>Fund</u>	<u>Deficit Fund Equity</u>
Government-Type Activities:	
Special Revenue	
2006 Delinquent Property Tax Sale -	
Unrestricted	\$44,621
Department of Veteran Affairs -	
Unrestricted	19,410
Business-Type Activities:	
Airport	
Unrestricted	711,930
Solid Waste Transfer	
Unrestricted	20,403
Airport – Water/Sewer	
Unrestricted	25,614
Passenger Facility Charge	
Unrestricted	22,038

NOTE N – BUDGET VIOLATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a County shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

NOTE N – BUDGET VIOLATIONS (Continued):

The following funds/line items had material excess expenditures over appropriations at September 30, 2007:

<u>Fund/Line Item</u>	<u>Final Amended Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund:			
County Clerk	\$140,640	\$140,980	\$340
Monumentation/Remonumentation	140,916	161,916	21,000
Sheriff	727,907	744,551	16,644
Marine Safety	23,997	24,299	302
Special Fund Revenues			
Region 8 – All County Grant	543,317	561,568	18,251
Prosecutor's Forfeiture Account	-	98	98
Alert Fund	700	730	30
ORV Equipment	-	4,344	4,344
2007 Delinquent Property Tax Sale	-	15,549	15,549
Law Library	16,000	18,948	2,948
Department of Human Services	-	29,165	29,165

NOTE O – PRIOR PERIOD EQUITY ADJUSTMENTS:

In fiscal year 2007 the County of Houghton, Michigan reclassified the Delinquent Tax Revolving Funds from Internal Service Funds to Enterprise Funds. The net adjustment to beginning equity was to decrease governmental funds by \$1,201,771 and increase business type activities by \$1,201,771.

NOTE P – ACCOUNTS RECEIVABLE:

A summary of accounts receivable at September 30, 2007 is as follows:

Type	Governmental Activities		Business-Type Activities			Total Primary Government	Component Units
	General Fund	Non-Major Funds	Medical Care Facility	Airport	Non-Major		
A*	\$1,361,560	\$-	\$-	\$-	\$-	\$1,361,560	\$-
C*	-	38,285	752,988	-	-	791,273	616,751
D*	-	125,594	-	-	-	125,594	-
E*	-	-	-	-	82,014	82,014	-
F*	-	-	-	-	1,024,514	1,024,514	-
G*	-	-	1,299,249	-	-	1,299,249	1,426,076
B*	373,558	22,688	-	37,693	142,734	576,673	-
Total	<u>\$1,735,118</u>	<u>\$186,567</u>	<u>\$2,052,237</u>	<u>\$37,693</u>	<u>\$1,249,262</u>	<u>\$5,260,877</u>	<u>\$2,042,827</u>

A*	Property Taxes – Current	D*	EDC Loans Receivable
B*	Other	E*	Accrued Interest
C*	Due From Other Government Units	F*	Delinquent Property Taxes
		G*	Charges for Services (Health Care Related)

NOTE Q – EDC LOANS RECEIVABLE:

A summary of Economic Development Revolving Loan Fund receivable at September 30, 2007 is as follows:

Debtor	Balance 9-30-07	Year of Award	Interest Rate	Term in Years
Michigan House	\$8,420	2005	8.25%	10
GS Engineering	84,399	2005	7.0%	10
REL Machine, Inc.	32,775	2006	7.25%	5
Total	<u>\$125,594</u>			

Required Supplementary Information

COUNTY OF HOUGHTON, MICHIGAN

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,883,078	\$ 3,978,572	\$ 4,030,711	\$ 52,139
Licenses and permits	282,900	255,705	252,393	(3,312)
Federal sources	20,000	20,000	16,261	(3,739)
State sources	1,120,752	1,123,187	1,126,949	3,762
Charges for services	1,031,000	1,010,295	1,081,500	71,205
Interest	200,000	300,000	373,733	73,733
Other revenues	170,633	166,922	221,420	54,498
TOTAL REVENUES	6,708,363	6,854,681	7,102,967	248,286
EXPENDITURES:				
Legislative	105,500	104,600	101,093	3,507
Judicial	1,353,864	1,331,383	1,312,955	18,428
General government	1,315,540	1,391,488	1,384,468	7,020
Public safety	1,756,107	1,757,332	1,743,181	14,151
Public works	34,795	36,315	34,617	1,698
Health and welfare	2,000	2,000	2,000	-
Recreation and culture	154,914	150,264	149,405	859
Other	1,646,262	1,656,750	1,577,285	79,465
Capital outlay	164,031	229,263	201,441	27,822
Debt service	118,388	118,588	118,500	88
TOTAL EXPENDITURES	6,651,401	6,777,983	6,624,945	153,038
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,962	76,698	478,022	401,324
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in	906,104	924,983	669,416	(255,567)
Transfers (out)	(847,000)	(797,048)	(792,062)	4,986
Transfers to component units	(174,201)	(176,998)	(176,998)	-
TOTAL OTHER FINANCING SOURCES (USES)	(115,097)	(49,063)	(299,644)	(250,581)
CHANGE IN FUND BALANCE	(58,135)	27,635	178,378	150,743
Fund balance, beginning of year	452,898	452,898	452,898	-
FUND BALANCE, END OF YEAR	\$ 394,763	\$ 480,533	\$ 631,276	\$ 150,743

The accompanying notes are an integral part of these financial statements.

Supplementary Information

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 3,746,306	\$ 3,790,354	\$ 44,049
Commercial forest taxes	52,000	56,362	4,362
Swamp taxes	41,573	41,573	-
Trailer taxes	200	222	22
Federal payment in lieu of taxes	138,494	142,200	3,706
Total Taxes	3,978,572	4,030,711	52,139
Licenses and Permits:			
Marriage licenses	95	95	-
Dog licenses	2,364	2,412	48
Building permits	252,768	249,408	(3,360)
Pistol permits	478	478	-
Total Licenses and Permits	255,705	252,393	(3,312)
Federal Sources:			
Civil defense	20,000	16,261	(3,739)
Total Federal Sources	20,000	16,261	(3,739)
State Sources:			
Judges standardization	108,373	108,373	-
State income taxes	-	-	-
State liquor taxes	160,009	160,009	-
Case flow assistance	9,145	9,145	-
Snowmobile safety program	23,353	23,353	-
Probate judge salary	101,401	102,210	809
Marine safety	15,298	20,385	5,087
Friend of Court - Cooperative reimbursement	211,793	236,570	24,777
Friend of Court - Medical enforcement	12,960	13,087	127
Prosecutor - Cooperative reimbursement	41,545	33,017	(8,528)
Township liquor fees	4,148	4,148	-
Friend of Court incentive	47,820	47,820	-
Secondary road patrol	78,660	78,660	-
Victim's rights reimbursement	8,300	8,347	47
Juvenile justice program	-	-	-
Court reimbursement	124,477	124,993	516
Welfare fraud reimbursement	-	621	621
Cigarette tax	21,217	21,271	54
Remonumentation program	140,916	111,574	(29,342)
O R V grant	6,140	15,500	9,360
Community service work program	7,632	7,866	234
Total State Sources	1,123,187	1,126,949	3,762
Charges for Services:			
Circuit Court costs	15,800	18,056	2,256
Circuit Court services	31,000	32,506	1,506
District Court costs	183,335	183,734	399
District Court supervision fees	26,811	26,416	(395)
District Court civil fees	82,085	84,542	2,457

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Register of Deeds services	\$ 156,480	\$ 157,587	\$ 1,107
Real estate transfer tax	80,137	79,274	(863)
Friend of Court services	49,000	58,177	9,177
Probate Court services	9,251	11,606	2,354
Treasurer services	8,560	9,444	884
Clerk services	63,500	67,836	4,336
Sheriff services	86,000	113,107	27,107
Tax department services	43,250	39,991	(3,259)
Bond costs	4,172	3,928	(244)
Remonumentation fees	349	380	31
Attorney fees	3,765	4,211	446
Prisoner board	75,000	97,723	22,723
Circuit/District reimbursement	90,000	90,433	433
CC enhancement fees	1,800	2,550	750
Total Charges for Services	<u>1,010,295</u>	<u>1,081,500</u>	<u>71,205</u>
Interest	<u>300,000</u>	<u>373,733</u>	<u>73,733</u>
Other Revenues:			
Penal fines	-	1,000	1,000
Ordinance fines and costs	10,000	10,174	174
Bond forfeitures	3,900	4,250	350
Rentals	81,081	80,782	(299)
Sale of assets	2,334	2,334	-
Refunds	10,582	11,034	452
Controller administration	3,256	3,550	294
Insurance recoveries	6,500	14,458	5,958
Civil defense services	360	360	-
Region 8 services	12,700	13,244	544
Reimbursements	19,500	24,223	4,723
Gain/Loss on investment	-	41,359	41,359
Miscellaneous other	14,709	14,652	(57)
Total Other Revenues	<u>166,922</u>	<u>221,420</u>	<u>54,498</u>
TOTAL REVENUES	<u>6,854,681</u>	<u>7,102,967</u>	<u>248,286</u>
EXPENDITURES:			
LEGISLATIVE:			
Board of Commissioners:			
Personnel services	50,600	46,750	3,850
Supplies	100	55	45
Other services and charges	53,900	54,288	(388)
TOTAL LEGISLATIVE	<u>104,600</u>	<u>101,093</u>	<u>3,507</u>
JUDICIAL:			
Circuit Court:			
Personnel services	144,704	143,976	728
Supplies	3,100	2,943	157
Other services and charges	102,693	97,068	5,625
Total Circuit Court	<u>250,497</u>	<u>243,987</u>	<u>6,510</u>

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
District Court			
Personnel services	\$ 306,445	\$ 307,313	\$ (868)
Supplies	12,000	12,459	(459)
Other services and charges	58,700	54,966	3,734
Total District Court	<u>377,145</u>	<u>374,738</u>	<u>2,407</u>
Friend of the Court			
Personnel services	183,296	184,167	(871)
Supplies	4,000	3,715	285
Other services and charges	152,459	146,612	5,847
Total Friend of the Court	<u>339,755</u>	<u>334,494</u>	<u>5,261</u>
FOC/Medical Enforce:			
Personnel services	18,700	17,227	1,473
Office supplies	-	-	-
Other services and charges	-	-	-
Total FOC/Medical Enforce	<u>18,700</u>	<u>17,227</u>	<u>1,473</u>
Probate Court			
Personnel services	314,696	314,677	19
Office supplies	3,200	2,821	379
Other services and charges	27,390	25,011	2,379
Total Probate Court	<u>345,286</u>	<u>342,509</u>	<u>2,777</u>
TOTAL JUDICIAL	<u>1,331,383</u>	<u>1,312,955</u>	<u>18,428</u>
GENERAL GOVERNMENT:			
County Clerk:			
Personnel services	134,390	136,009	(1,619)
Supplies	2,700	2,172	528
Other services and charges	3,550	2,799	751
Total County Clerk	<u>140,640</u>	<u>140,980</u>	<u>(340)</u>
Equalization:			
Personnel services	113,924	114,844	(920)
Supplies	7,000	5,602	1,398
Other services and charges	5,150	4,191	959
Total Equalization	<u>126,074</u>	<u>124,637</u>	<u>1,437</u>
Elections			
Personnel services	1,000	870	130
Office supplies	20,000	18,482	1,518
Other services and charges	3,900	2,616	1,284
Total Elections	<u>24,900</u>	<u>21,968</u>	<u>2,932</u>
Register of Deeds:			
Personnel services	110,506	110,331	175
Supplies	1,500	989	511
Other services and charges	2,400	996	1,404
Total Register of Deeds	<u>114,406</u>	<u>112,316</u>	<u>2,090</u>

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Monumentation/Remonumentation			
Professional services	\$ 134,906	\$ 157,906	\$ (23,000)
Other services and charges	6,010	4,010	2,000
Total Monumentation/Remonumentation	140,916	161,916	(21,000)
Record Copying:			
Supplies	150	-	150
Other services and charges	11,685	11,686	9
Total Record Copying	11,845	11,686	159
Mailing			
Supplies	34,000	32,496	1,504
Other services and charges	1,572	1,572	-
Total Mailing	35,572	34,068	1,504
Courthouse and Grounds:			
Personnel services	60,213	57,763	2,450
Supplies	16,500	17,162	(662)
Other services and charges	106,500	97,302	9,198
Total Courthouse and Grounds	183,213	172,227	10,986
County Properties			
Personnel services	31,004	30,971	33
Other services and charges	11,000	6,313	4,687
Total County Properties	42,004	37,284	4,720
Treasurer:			
Personnel services	141,791	141,614	177
Supplies	1,500	1,564	(64)
Other services and charges	6,700	6,283	417
Total Treasurer	149,991	149,461	530
Controller:			
Personnel services	190,047	190,035	12
Supplies	1,200	575	625
Other services and charges	8,500	7,575	925
Total Controller	199,747	198,185	1,562
Drain Commissioner:			
Personnel services	10,108	10,621	(513)
Supplies	100	-	100
Other services and charges	1,800	1,201	599
Total Drain Commissioner	12,008	11,822	186
Prosecuting Attorney:			
Personnel services	198,572	199,263	(691)
Supplies	5,000	4,731	269
Other services and charges	6,600	3,924	2,676
Total Prosecuting Attorney	210,172	207,918	2,254
TOTAL GENERAL GOVERNMENT	1,391,488	1,384,468	7,020

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
PUBLIC SAFETY:			
Law Enforcement:			
Sheriff:			
Personnel services	\$ 611,107	\$ 635,796	\$ (24,689)
Supplies	3,700	2,242	1,458
Other services and charges	113,100	106,513	6,587
Total Sheriff	<u>727,907</u>	<u>744,551</u>	<u>(16,644)</u>
Sheriff - Secondary Roads:			
Personnel services	140,927	137,933	2,994
Supplies	-	-	-
Other services and charges	7,500	7,252	248
Total Sheriff - Secondary Roads	<u>148,427</u>	<u>145,185</u>	<u>3,242</u>
Snowmobile Safety:			
Personnel services	10,650	10,650	-
Other services and charges	2,300	2,110	190
Total Snowmobile Safety	<u>12,950</u>	<u>12,760</u>	<u>190</u>
Total Law Enforcement	<u>889,284</u>	<u>902,496</u>	<u>(13,212)</u>
Corrections:			
Jail			
Personnel services	358,764	361,697	(2,933)
Supplies	6,500	5,445	1,055
Other services and charges	192,092	189,186	2,906
Total Corrections	<u>557,356</u>	<u>556,328</u>	<u>1,028</u>
Protective:			
Marine Safety:			
Personnel services	14,097	13,386	711
Other services and charges	9,900	10,913	(1,013)
Total Marine Safety	<u>23,997</u>	<u>24,299</u>	<u>(302)</u>
Mine Inspector:			
Personnel services	8,787	4,967	3,800
Other services and charges	2,000	680	1,340
Total Mine Inspector	<u>10,787</u>	<u>5,647</u>	<u>5,140</u>
Building Official:			
Personnel services	95,695	92,697	2,998
Supplies	6,000	2,894	3,106
Other services and charges	105,700	93,631	12,069
Total Building Official	<u>207,395</u>	<u>189,222</u>	<u>18,173</u>
Civil Defense			
Personnel services	39,413	39,296	117
Supplies	450	432	18
Other services and charges	10,650	8,511	2,139
Total Civil Defense	<u>50,513</u>	<u>48,239</u>	<u>2,274</u>

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Animal Control:			
Other services and charges	\$ 18,000	\$ 16,950	\$ 1,050
Total Animal Control	<u>18,000</u>	<u>16,950</u>	<u>1,050</u>
Total Protective	<u>310,692</u>	<u>284,357</u>	<u>26,335</u>
TOTAL PUBLIC SAFETY	<u>1,757,332</u>	<u>1,743,181</u>	<u>14,151</u>
 PUBLIC WORKS:			
Personnel services	32,645	31,135	1,510
Supplies	50	-	50
Other services and charges	<u>3,620</u>	<u>3,482</u>	<u>138</u>
TOTAL PUBLIC WORKS	<u>36,315</u>	<u>34,617</u>	<u>1,698</u>
 HEALTH AND WELFARE:			
Commission on Aging:			
Other services and charges	<u>2,000</u>	<u>2,000</u>	<u>-</u>
TOTAL HEALTH AND WELFARE	<u>2,000</u>	<u>2,000</u>	<u>-</u>
 RECREATION AND CULTURE:			
Cooperative Extension Services			
Personnel services	31,076	31,063	13
Supplies	1,350	1,272	78
Other services and charges	<u>26,100</u>	<u>25,727</u>	<u>373</u>
Total Cooperative Extension Services	<u>58,526</u>	<u>58,062</u>	<u>464</u>
Contributions to Others:			
Substance abuse	80,400	80,005	395
Western UP, Planning and Development	9,938	9,938	-
UPCAP	1,100	1,100	-
Recreation and Development Council	<u>300</u>	<u>300</u>	<u>-</u>
Total Contributions to Others	<u>91,738</u>	<u>91,343</u>	<u>395</u>
TOTAL RECREATION AND CULTURE	<u>150,264</u>	<u>149,405</u>	<u>859</u>
 OTHER:			
Fringe Benefits:			
Social security	234,545	229,920	4,625
Hospitalization	499,115	463,691	35,424
Life insurance	7,500	6,143	1,357
Workmen's compensation	57,000	47,177	9,823
Health services	1,600	969	631
Retirement	<u>482,880</u>	<u>469,044</u>	<u>13,836</u>
Total Fringe Benefits	<u>1,282,640</u>	<u>1,216,944</u>	<u>65,696</u>
Special Appropriations:			
Cigarette tax	15,015	15,015	-
Jury commission	5,000	1,049	3,951

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Medical examiner	\$ 14,000	\$ 17,470	\$ (3,470)
Veteran's burials	18,000	17,508	492
Copper Country Mental Health Authority	164,495	164,495	-
Total Special Appropriations	<u>216,510</u>	<u>215,537</u>	<u>973</u>
Insurance and bonds	124,250	119,562	4,688
Refunds	21,950	17,788	4,162
Miscellaneous	<u>11,400</u>	<u>7,454</u>	<u>3,946</u>
TOTAL OTHER	<u>1,656,750</u>	<u>1,577,285</u>	<u>79,465</u>
CAPITAL OUTLAY	<u>229,263</u>	<u>201,441</u>	<u>27,822</u>
DEBT SERVICE	<u>118,588</u>	<u>118,500</u>	<u>88</u>
TOTAL EXPENDITURES	<u>6,777,983</u>	<u>6,624,945</u>	<u>153,038</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>76,698</u>	<u>478,022</u>	<u>401,324</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in:			
Family Counseling Fund	3,000	3,000	-
Delinquent Tax Revolving Funds	200,000	-	(200,000)
Solid Waste Transfer Fund	50,000	-	(50,000)
Revenue Sharing Fund	652,104	656,536	4,432
Marina Fund	10,000	-	(10,000)
Arena Project	9,879	9,880	1
Total Operating Transfers In	<u>924,983</u>	<u>669,416</u>	<u>(255,567)</u>
Transfers (out):			
Law Library Fund	(11,000)	(11,000)	-
Social Welfare Fund	(56,000)	(56,000)	-
Child Care Fund	(200,000)	(200,000)	-
ROD Automation Fund	(43,000)	(37,870)	5,130
WMD Fund	-	(144)	(144)
Houghton-Keweenaw Trail Rescue Fund	(8,029)	(8,029)	-
Airport Fund	(175,000)	(175,000)	-
Grant Fund	(19,019)	(19,019)	-
Tri-County Work Camp Fund	(285,000)	(285,000)	-
Total Operating Transfers (Out)	<u>(797,048)</u>	<u>(792,062)</u>	<u>4,986</u>
Transfers to Component Units:			
Western UP, District Health	<u>(176,998)</u>	<u>(176,998)</u>	<u>-</u>
Total Operating Transfers to Component Units	<u>(176,998)</u>	<u>(176,998)</u>	<u>-</u>

COUNTY OF HOUGHTON, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ (49,063)	\$ (299,644)	\$ (250,581)
CHANGE IN FUND BALANCE	<u>27,635</u>	<u>178,378</u>	<u>150,743</u>
Fund balance, beginning of year	<u>452,898</u>	<u>452,898</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 480,533</u>	<u>\$ 631,276</u>	<u>\$ 150,743</u>

COUNTY OF HOUGHTON, MICHIGAN

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,708,799	\$ -	\$ 81,084	\$ 1,789,883
Receivables	22,688	-	-	22,688
Due from State	38,285	-	-	38,285
Due from other funds	-	-	-	-
Loans receivable	125,594	-	-	125,594
TOTAL ASSETS	<u>\$ 1,895,366</u>	<u>\$ -</u>	<u>\$ 81,084</u>	<u>\$ 1,976,450</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Cash overdraft	\$ 35,804	\$ -	\$ -	\$ 35,804
Accounts payable	71,012	-	-	71,012
Due to other funds	15,549	-	-	15,549
Accrued payroll and related	4,094	-	-	4,094
Accrued sick and vacation	2,541	-	-	2,541
Deferred revenue	125,594	-	-	125,594
TOTAL LIABILITIES	<u>254,594</u>	<u>-</u>	<u>-</u>	<u>254,594</u>
FUND BALANCE:				
Restricted:	30,886	-	-	30,886
Unreserved:	1,609,886	-	81,084	1,690,970
TOTAL FUND BALANCE	<u>1,640,772</u>	<u>-</u>	<u>81,084</u>	<u>1,721,856</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,895,366</u>	<u>\$ -</u>	<u>\$ 81,084</u>	<u>\$ 1,976,450</u>

COUNTY OF HOUGHTON, MICHIGAN

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES:				
Property taxes	\$ 1,037,734	\$ -	\$ -	\$ 1,037,734
Federal sources	673,311	-	-	673,311
State sources	260,440	-	-	260,440
Local sources	29,159	59,164	9,421	97,744
Charges for services	88,055	-	-	88,055
Interest	23,925	1,324	11	25,260
Other	66,672	-	-	66,672
TOTAL REVENUES	2,179,296	60,488	9,432	2,249,216
EXPENDITURES:				
Judicial	21,775	-	-	21,775
General government	125,930	-	-	125,930
Public safety	1,130,968	-	-	1,130,968
Health and welfare	357,401	-	-	357,401
Community and economic development	53,587	-	-	53,587
Capital Outlay	-	-	43,580	43,580
Debt service	-	94,772	4,295	99,067
TOTAL EXPENDITURES	1,689,661	94,772	47,875	1,832,308
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	489,635	(34,284)	(38,443)	416,908
OTHER FINANCING SOURCES (USES):				
Transfer in	620,566	-	-	620,566
Transfer (out)	(663,040)	-	(9,880)	(672,920)
TOTAL OTHER FINANCING SOURCES (USES)	(42,474)	-	(9,880)	(52,354)
CHANGE IN FUND BALANCE	447,161	(34,284)	(48,323)	364,554
Fund balance, beginning of year	1,193,611	34,284	129,407	1,357,302
FUND BALANCE, END OF YEAR	\$ 1,640,772	\$ -	\$ 81,084	\$ 1,721,856

COUNTY OF HOUGHTON, MICHIGAN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007

	Prescription Drugs Fund	Region 8 - All County Grant Fund	Prosecutor's Forfeiture Account Fund	Tri-County Community Corrections Fund	Tri-County Work Camp Fund	Special Equipment & Reward Fund	Drug Enforcement Fund	ALERT Fund	ORV Equipment Fund	Friend of the Court Fund
ASSETS										
Cash and cash equivalents	\$ 804	\$ -	\$ 5,148	\$ 101,324	\$ 9,746	\$ 10,031	\$ 3,039	\$ 16,305	\$ 1,091	\$ 29,836
Receivables	-	-	-	1,930	730	-	-	-	-	-
Due from State	-	9,200	-	11,004	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 804</u>	<u>\$ 9,200</u>	<u>\$ 5,148</u>	<u>\$ 114,258</u>	<u>\$ 10,476</u>	<u>\$ 10,031</u>	<u>\$ 3,039</u>	<u>\$ 16,305</u>	<u>\$ 1,091</u>	<u>\$ 29,836</u>
LIABILITIES AND FUND BALANCE										
LIABILITIES:										
Cash overdraft	\$ -	\$ 4,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	20	-	-	3,549	3,349	-	-	-	-	34
Due to other funds	-	-	-	-	-	-	-	-	-	-
Accrued payroll and related	-	-	-	-	3,744	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	2,541	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>20</u>	<u>4,866</u>	<u>-</u>	<u>3,549</u>	<u>9,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
FUND BALANCE:										
Restricted	-	-	-	30,886	-	-	-	-	-	-
Unreserved	784	4,334	5,148	79,823	842	10,031	3,039	16,305	1,091	29,802
TOTAL FUND BALANCE	<u>784</u>	<u>4,334</u>	<u>5,148</u>	<u>110,709</u>	<u>842</u>	<u>10,031</u>	<u>3,039</u>	<u>16,305</u>	<u>1,091</u>	<u>29,802</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 804</u>	<u>\$ 9,200</u>	<u>\$ 5,148</u>	<u>\$ 114,258</u>	<u>\$ 10,476</u>	<u>\$ 10,031</u>	<u>\$ 3,039</u>	<u>\$ 16,305</u>	<u>\$ 1,091</u>	<u>\$ 29,836</u>

COUNTY OF HOUGHTON, MICHIGAN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007

	Houghton County Arts Grant Fund	2006 Delinquent Property Tax Sale Fund	2007 Delinquent Property Tax Sale Fund	ROD Automation Fund	Law Library Fund	Houghton - Keweenaw Trail Rescue Fund	Grant Fund	Corrections Officers Training Fund	Justice Training Fund	Revenue Sharing Fund
ASSETS										
Cash and cash equivalents	\$ 138	\$ 4,331	\$ 16,896	\$ 1,378	\$ 1,585	\$ -	\$ -	\$ 14,958	\$ 6,041	\$ 1,071,003
Receivables	-	-	1,450	1,460	-	-	-	596	-	-
Due from State	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 138</u>	<u>\$ 4,331</u>	<u>\$ 18,346</u>	<u>\$ 2,838</u>	<u>\$ 1,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,554</u>	<u>\$ 6,041</u>	<u>\$ 1,071,003</u>
LIABILITIES AND FUND BALANCE										
LIABILITIES:										
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	48,952	-	-	1,529	-	-	-	-	-
Due to other funds	-	-	15,549	-	-	-	-	-	-	-
Accrued payroll and related	-	-	-	-	-	-	-	-	-	-
Accrued sick and vacation	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>48,952</u>	<u>15,549</u>	<u>-</u>	<u>1,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:										
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	138	(44,621)	2,797	2,838	56	-	-	15,554	6,041	1,071,003
TOTAL FUND BALANCE	<u>138</u>	<u>(44,621)</u>	<u>2,797</u>	<u>2,838</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>15,554</u>	<u>6,041</u>	<u>1,071,003</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 138</u>	<u>\$ 4,331</u>	<u>\$ 18,346</u>	<u>\$ 2,838</u>	<u>\$ 1,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,554</u>	<u>\$ 6,041</u>	<u>\$ 1,071,003</u>

COUNTY OF HOUGHTON, MICHIGAN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007

	CDBG Housing Fund	Department of Human Services Fund	Department of Veteran Affairs Fund	Child Care Fund	MSHDA R.R. Fund	Veteran's Trust Fund	WMD Grant Fund	Family Counseling Fund	EDC Revolving Loan Fund	Total
ASSETS										
Cash and cash equivalents	\$ 13,445	\$ 142,156	\$ -	\$ 59,101	\$ 23,456	\$ 93	\$ -	\$ 18,418	\$ 158,476	\$ 1,708,799
Receivables	-	4,312	12,210	-	-	-	-	-	-	22,688
Due from State	-	-	-	18,081	-	-	-	-	-	38,285
Due from other funds	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	125,594	125,594
TOTAL ASSETS	<u>\$ 13,445</u>	<u>\$ 146,468</u>	<u>\$ 12,210</u>	<u>\$ 77,182</u>	<u>\$ 23,456</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ 18,418</u>	<u>\$ 284,070</u>	<u>\$ 1,895,366</u>
LIABILITIES AND FUND BALANCE										
LIABILITIES:										
Cash overdraft	\$ -	\$ -	\$ 30,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,804
Accounts payable	-	6,026	332	7,221	-	-	-	-	-	71,012
Due to other funds	-	-	-	-	-	-	-	-	-	15,549
Accrued payroll and related	-	-	350	-	-	-	-	-	-	4,094
Accrued sick and vacation	-	-	-	-	-	-	-	-	-	2,541
Deferred revenue	-	-	-	-	-	-	-	-	125,594	125,594
TOTAL LIABILITIES	<u>-</u>	<u>6,026</u>	<u>31,620</u>	<u>7,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,594</u>	<u>254,594</u>
FUND BALANCE:										
Restricted	-	-	-	-	-	-	-	-	-	30,886
Unreserved	13,445	140,442	(19,410)	69,961	23,456	93	-	18,418	158,476	1,609,886
TOTAL FUND BALANCE	<u>13,445</u>	<u>140,442</u>	<u>(19,410)</u>	<u>69,961</u>	<u>23,456</u>	<u>93</u>	<u>-</u>	<u>18,418</u>	<u>158,476</u>	<u>1,640,772</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,445</u>	<u>\$ 146,468</u>	<u>\$ 12,210</u>	<u>\$ 77,182</u>	<u>\$ 23,456</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ 18,418</u>	<u>\$ 284,070</u>	<u>\$ 1,895,366</u>

COUNTY OF HOUGHTON, MICHIGAN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Prescription Drugs Fund	Region 8 - All County Grant Fund	Prosecutor's Forfeiture Account Fund	Tri-County Community Corrections Fund	Tri-County Work Camp Fund	Special Equipment & Reward Fund	Drug Enforcement Fund	ALERT Fund	ORV Equipment Fund	Friend of the Court Fund
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	564,779	-	-	36,211	-	-	-	-	-
State sources	-	-	-	114,118	-	-	-	-	-	1,061
Local sources	-	-	-	-	-	13,384	-	4,154	-	-
Charges for services	851	-	-	18,047	19,620	-	-	-	2,400	7,232
Interest	-	1,123	-	-	-	79	38	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	851	565,902	-	132,165	55,831	13,463	38	4,154	2,400	8,293
EXPENDITURES:										
Judicial	-	-	-	-	-	-	-	-	-	2,827
General government	-	-	98	-	-	-	-	-	-	-
Public safety	-	561,568	-	130,772	339,989	11,592	96	730	4,344	-
Health and welfare	740	-	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	740	561,568	98	130,772	339,989	11,592	96	730	4,344	2,827
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	111	4,334	(98)	1,393	(284,158)	1,871	(58)	3,424	(1,944)	5,466
OTHER FINANCING SOURCES (USES):										
Transfer in	-	-	-	-	285,000	-	-	-	-	-
Transfer (out)	-	-	-	-	-	-	-	-	-	(3,504)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	285,000	-	-	-	-	(3,504)
CHANGES IN FUND BALANCE	111	4,334	(98)	1,393	842	1,871	(58)	3,424	(1,944)	1,962
Fund balance, beginning of year	673	-	5,246	109,316	-	8,160	3,097	12,881	3,035	27,840
FUND BALANCE, END OF YEAR	\$ 784	\$ 4,334	\$ 5,148	\$ 110,709	\$ 842	\$ 10,031	\$ 3,039	\$ 16,305	\$ 1,091	\$ 29,802

COUNTY OF HOUGHTON, MICHIGAN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Houghton County Arts Grant Fund	2006 Delinquent Property Tax Sale Fund	2007 Delinquent Property Tax Sale Fund	ROD Automation Fund	Law Library Fund	Houghton- Keweenaw Trail Rescue Fund	Grant Fund	Corrections Officers Training Fund	Justice Training Fund	Revenue Sharing Fund
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,037,734
Federal sources	-	-	-	-	-	-	24,000	-	-	-
State sources	-	-	-	-	-	-	-	-	4,510	-
Local sources	-	-	-	-	-	-	11,621	-	-	-
Charges for services	-	-	18,322	-	4,500	-	-	6,956	-	-
Interest	-	3,576	24	1,393	-	-	-	-	-	-
Other	-	-	-	-	-	165	-	-	-	-
TOTAL REVENUES	-	3,576	18,346	1,393	4,500	165	35,621	6,956	4,510	1,037,734
EXPENDITURES:										
Judicial	-	-	-	-	18,948	-	-	-	-	-
General government	-	-	15,549	110,283	-	-	-	-	-	-
Public safety	-	-	-	-	-	8,194	54,640	1,653	2,512	-
Health and welfare	-	-	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	15,549	110,283	18,948	8,194	54,640	1,653	2,512	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	3,576	2,797	(108,890)	(14,448)	(8,029)	(19,019)	5,303	1,998	1,037,734
OTHER FINANCING SOURCES (USES):										
Transfer in	-	-	-	37,870	14,504	8,029	19,019	-	-	-
Transfer (out)	-	-	-	-	-	-	-	-	-	(656,536)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	37,870	14,504	8,029	19,019	-	-	(656,536)
CHANGES IN FUND BALANCE	-	3,576	2,797	(71,020)	56	-	-	5,303	1,998	381,198
Fund balance, beginning of year	138	(48,197)	-	73,858	-	-	-	10,251	4,043	689,805
FUND BALANCE, END OF YEAR	\$ 138	\$ (44,621)	\$ 2,797	\$ 2,838	\$ 56	\$ -	\$ -	\$ 15,554	\$ 6,041	\$ 1,071,003

COUNTY OF HOUGHTON, MICHIGAN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	CDBG Housing Fund	Department of Human Services Fund	Department of Veteran Affairs Fund	Child Care Fund	MSHDA R.R. Fund	Veteran's Trust Fund	WMD Grant Fund	Family Counseling Fund	EDC Revolving Loan Fund	Total
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,037,734
Federal sources	33,587	-	-	-	-	-	14,734	-	-	673,311
State sources	-	4,463	-	134,149	-	2,139	-	-	-	260,440
Local sources	-	-	-	-	-	-	-	-	-	29,159
Charges for services	-	-	-	6,492	-	-	-	3,635	-	88,055
Interest	-	-	-	-	739	-	-	-	16,953	23,925
Other	-	-	12,210	-	-	-	-	-	54,297	66,672
TOTAL REVENUES	33,587	4,463	12,210	140,641	739	2,139	14,734	3,635	71,250	2,179,296
EXPENDITURES:										
Judicial	-	-	-	-	-	-	-	-	-	21,775
General government	-	-	-	-	-	-	-	-	-	125,930
Public safety	-	-	-	-	-	-	14,878	-	-	1,130,968
Health and welfare	-	29,165	31,620	292,986	-	2,890	-	-	-	357,401
Community and economic development	33,587	-	-	-	-	-	-	-	20,000	53,587
TOTAL EXPENDITURES	33,587	29,165	31,620	292,986	-	2,890	14,878	-	20,000	1,689,661
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(24,702)	(19,410)	(152,345)	739	(751)	(144)	3,635	51,250	489,635
OTHER FINANCING SOURCES (USES):										
Transfer in	-	56,000	-	200,000	-	-	144	-	-	620,566
Transfer (out)	-	-	-	-	-	-	-	(3,000)	-	(663,040)
TOTAL OTHER FINANCING SOURCES (USES)	-	56,000	-	200,000	-	-	144	(3,000)	-	(42,474)
CHANGES IN FUND BALANCE	-	31,298	(19,410)	47,655	739	(751)	-	635	51,250	447,161
Fund balance, beginning of year	13,445	109,144	-	22,306	22,717	844	-	17,783	107,226	1,193,611
FUND BALANCE, END OF YEAR	\$ 13,445	\$ 140,442	\$ (19,410)	\$ 69,961	\$ 23,456	\$ 93	\$ -	\$ 18,418	\$ 158,476	\$ 1,640,772

COUNTY OF HOUGHTON, MICHIGAN

PRESCRIPTION DRUGS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Charge for service	\$ 805	\$ 851	\$ 46
TOTAL REVENUES	<u>805</u>	<u>851</u>	<u>46</u>
EXPENDITURES:			
Health and Welfare:			
Other services and charges	<u>1,100</u>	<u>740</u>	<u>360</u>
TOTAL EXPENDITURES	<u>1,100</u>	<u>740</u>	<u>360</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(295)</u>	<u>111</u>	<u>406</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(295)</u>	<u>111</u>	<u>406</u>
Fund balance, beginning of year	<u>673</u>	<u>673</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 378</u></u>	<u><u>\$ 784</u></u>	<u><u>\$ 406</u></u>

COUNTY OF HOUGHTON, MICHIGAN

REGION 8 - ALL COUNTY GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Federal sources	\$ 542,803	\$ 564,779	\$ 21,976
Interest earned	767	1,123	356
TOTAL REVENUES	<u>543,570</u>	<u>565,902</u>	<u>22,332</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	<u>543,317</u>	<u>561,568</u>	<u>(18,251)</u>
TOTAL EXPENDITURES	<u>543,317</u>	<u>561,568</u>	<u>(18,251)</u>
OTHER FINANCING (USES):			
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	253	4,334	4,081
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 253</u>	<u>\$ 4,334</u>	<u>\$ 4,081</u>

COUNTY OF HOUGHTON, MICHIGAN

PROSECUTOR'S FORFEITURE ACCOUNT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Other	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES:			
General Government:			
Other services and charges	-	98	(98)
TOTAL EXPENDITURES	-	98	(98)
CHANGE IN FUND BALANCE	-	(98)	(98)
Fund balance, beginning of year	5,246	5,246	-
FUND BALANCE, END OF YEAR	<u>\$ 5,246</u>	<u>\$ 5,148</u>	<u>\$ (98)</u>

COUNTY OF HOUGHTON, MICHIGAN

TRI-COUNTY COMMUNITY CORRECTIONS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
State sources	\$ 114,600	\$ 114,118	\$ (482)
Charges for services			
Community service	21,150	15,890	(5,260)
Miscellaneous programs	800	2,157	1,357
Total Charges for Services	<u>21,950</u>	<u>18,047</u>	<u>(3,903)</u>
TOTAL REVENUES	<u>136,550</u>	<u>132,165</u>	<u>(4,385)</u>
EXPENDITURES:			
Public Safety:			
Personnel services	104,698	104,729	(31)
Supplies	3,150	2,726	424
Other services and charges	24,260	23,317	943
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>132,108</u>	<u>130,772</u>	<u>1,336</u>
CHANGE IN FUND BALANCE	4,442	1,393	(3,049)
Fund balance, beginning of year	<u>109,316</u>	<u>109,316</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 113,758</u></u>	<u><u>\$ 110,709</u></u>	<u><u>\$ (3,049)</u></u>

COUNTY OF HOUGHTON, MICHIGAN

TRI-COUNTY WORK CAMP FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Federal sources	\$ 35,000	\$ 36,211	\$ 1,211
Charges for services	22,100	19,620	(2,480)
TOTAL REVENUES	<u>57,100</u>	<u>55,831</u>	<u>(1,269)</u>
EXPENDITURES:			
Public Safety:			
Personnel services	297,897	300,195	(2,298)
Supplies	4,000	3,984	16
Other services and charges	37,600	35,810	1,790
Capital outlay	795	-	795
TOTAL EXPENDITURES	<u>340,292</u>	<u>339,989</u>	<u>303</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(283,192)</u>	<u>(284,158)</u>	<u>(966)</u>
OTHER FINANCING SOURCES			
Transfer in	285,000	285,000	-
TOTAL OTHER FINANCING SOURCES	<u>285,000</u>	<u>285,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>1,808</u>	<u>842</u>	<u>(966)</u>
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ 1,808</u>	<u>\$ 842</u>	<u>\$ (966)</u>

COUNTY OF HOUGHTON, MICHIGAN

SPECIAL EQUIPMENT & REWARD FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Local sources			
Private sources	\$ 12,000	\$ 13,384	\$ 1,384
Interest			
Interest	<u>75</u>	<u>79</u>	<u>4</u>
TOTAL REVENUES	<u>12,075</u>	<u>13,463</u>	<u>1,388</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	<u>12,050</u>	<u>11,592</u>	<u>458</u>
TOTAL EXPENDITURES	<u>12,050</u>	<u>11,592</u>	<u>458</u>
CHANGE IN FUND BALANCE	25	1,871	1,846
Fund balance, beginning of year	<u>8,160</u>	<u>8,160</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 8,185</u></u>	<u><u>\$ 10,031</u></u>	<u><u>\$ 1,846</u></u>

COUNTY OF HOUGHTON, MICHIGAN

DRUG ENFORCEMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	\$ 40	\$ 38	\$ (2)
Sale of confiscated items	-	-	-
TOTAL REVENUES	<u>40</u>	<u>38</u>	<u>(2)</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	<u>100</u>	<u>96</u>	<u>4</u>
TOTAL EXPENDITURES	<u>100</u>	<u>96</u>	<u>4</u>
CHANGE IN FUND BALANCE	(60)	(58)	2
Fund balance, beginning of year	<u>3,097</u>	<u>3,097</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 3,037</u></u>	<u><u>\$ 3,039</u></u>	<u><u>\$ 2</u></u>

COUNTY OF HOUGHTON, MICHIGAN

ALERT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Local Sources			
Contributions	<u>\$ 4,100</u>	<u>\$ 4,154</u>	<u>\$ 54</u>
TOTAL REVENUES	<u>4,100</u>	<u>4,154</u>	<u>54</u>
EXPENDITURES:			
Public Safety			
Other services and charges	<u>700</u>	<u>730</u>	<u>(30)</u>
TOTAL EXPENDITURES	<u>700</u>	<u>730</u>	<u>(30)</u>
CHANGE IN FUND BALANCE	3,400	3,424	24
Fund balance, beginning of year	<u>12,881</u>	<u>12,881</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 16,281</u></u>	<u><u>\$ 16,305</u></u>	<u><u>\$ 24</u></u>

COUNTY OF HOUGHTON, MICHIGAN

ORV EQUIPMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 1,645	\$ 2,400	\$ 755
TOTAL REVENUES	<u>1,645</u>	<u>2,400</u>	<u>755</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	-	4,344	(4,344)
TOTAL EXPENDITURES	<u>-</u>	<u>4,344</u>	<u>(4,344)</u>
CHANGE IN FUND BALANCE	1,645	(1,944)	(3,589)
Fund balance, beginning of year	<u>3,035</u>	<u>3,035</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,680</u>	<u>\$ 1,091</u>	<u>\$ (3,589)</u>

COUNTY OF HOUGHTON, MICHIGAN

FRIEND OF THE COURT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
State sources			
Grants	\$ -	\$ 1,061	\$ 1,061
Total State Sources	<u>-</u>	<u>1,061</u>	<u>1,061</u>
Charges for services			
Court charges	6,990	7,170	180
Court reimbursements	60	62	2
Total Charges for Services	<u>7,050</u>	<u>7,232</u>	<u>182</u>
TOTAL REVENUES	<u>7,050</u>	<u>8,293</u>	<u>1,243</u>
EXPENDITURES:			
Judicial:			
Personnel services	-	-	-
Other services and charges	3,000	2,827	173
TOTAL EXPENDITURES	<u>3,000</u>	<u>2,827</u>	<u>173</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,050</u>	<u>5,466</u>	<u>1,416</u>
OTHER FINANCING SOURCES			
Transfers in (out)	<u>-</u>	<u>(3,504)</u>	<u>(3,504)</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>(3,504)</u>	<u>(3,504)</u>
CHANGE IN FUND BALANCE	4,050	1,962	(2,088)
Fund balance, beginning of year	<u>27,840</u>	<u>27,840</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 31,890</u>	<u>\$ 29,802</u>	<u>\$ (2,088)</u>

COUNTY OF HOUGHTON, MICHIGAN

HOUGHTON COUNTY ARTS GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
State sources	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES:			
Recreation and Culture:			
Other services and charges	-	-	-
TOTAL EXPENDITURES	-	-	-
CHANGE IN FUND BALANCE	-	-	-
Fund balance, beginning of year	138	138	-
FUND BALANCE, END OF YEAR	<u>\$ 138</u>	<u>\$ 138</u>	<u>\$ -</u>

COUNTY OF HOUGHTON, MICHIGAN

2006 DELINQUENT PROPERTY TAX SALE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services			
Delinquent property tax sale	\$ 25,000	\$ -	\$ (25,000)
Total Charges for Services	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Interest			
Interest	<u>3,570</u>	<u>3,576</u>	<u>6</u>
Total Interest	<u>3,570</u>	<u>3,576</u>	<u>6</u>
TOTAL REVENUES	<u>28,570</u>	<u>3,576</u>	<u>(24,994)</u>
EXPENDITURES:			
General Government:			
Other services and charges	<u>20,000</u>	<u>-</u>	<u>20,000</u>
TOTAL EXPENDITURES	<u>20,000</u>	<u>-</u>	<u>20,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,570</u>	<u>3,576</u>	<u>(4,994)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>8,570</u>	<u>3,576</u>	<u>(4,994)</u>
Fund balance, beginning of year	<u>(48,197)</u>	<u>(48,197)</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ (39,627)</u></u>	<u><u>\$ (44,621)</u></u>	<u><u>\$ (4,994)</u></u>

COUNTY OF HOUGHTON, MICHIGAN

2007 DELINQUENT PROPERTY TAX SALE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services			
Delinquent property tax sale	\$ 16,872	\$ 18,322	\$ 1,450
Total Charges for Services	<u>16,872</u>	<u>18,322</u>	<u>1,450</u>
Interest			
Interest	-	24	24
Total Interest	<u>-</u>	<u>24</u>	<u>24</u>
TOTAL REVENUES	<u>16,872</u>	<u>18,346</u>	<u>1,474</u>
EXPENDITURES:			
General Government:			
Other services and charges	-	15,549	(15,549)
TOTAL EXPENDITURES	<u>-</u>	<u>15,549</u>	<u>(15,549)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,872</u>	<u>2,797</u>	<u>(14,075)</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>16,872</u>	<u>2,797</u>	<u>(14,075)</u>
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	<u><u>\$ 16,872</u></u>	<u><u>\$ 2,797</u></u>	<u><u>\$ (14,075)</u></u>

COUNTY OF HOUGHTON, MICHIGAN

ROD AUTOMATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	\$ -	\$ 1,393	\$ 1,393
TOTAL REVENUES	-	1,393	1,393
EXPENDITURES:			
General Government:			
Other services and charges	44,000	36,098	7,902
Capital outlay	74,185	74,185	-
TOTAL EXPENDITURES	118,185	110,283	7,902
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(118,185)	(108,890)	9,295
OTHER FINANCING SOURCES			
Transfers in	43,000	37,870	(5,130)
TOTAL OTHER FINANCING SOURCES	43,000	37,870	(5,130)
CHANGE IN FUND BALANCE	(75,185)	(71,020)	4,165
Fund balance, beginning of year	73,858	73,858	-
FUND BALANCE, END OF YEAR	\$ (1,327)	\$ 2,838	\$ 4,165

COUNTY OF HOUGHTON, MICHIGAN

LAW LIBRARY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services			
Penal fines	\$ 4,500	\$ 4,500	\$ -
TOTAL REVENUES	<u>4,500</u>	<u>4,500</u>	<u>-</u>
EXPENDITURES:			
Judicial			
Supplies	<u>16,000</u>	<u>18,948</u>	<u>(2,948)</u>
TOTAL EXPENDITURES	<u>16,000</u>	<u>18,948</u>	<u>(2,948)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,500)</u>	<u>(14,448)</u>	<u>(2,948)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>11,000</u>	<u>14,504</u>	<u>3,504</u>
TOTAL OTHER FINANCING SOURCES	<u>11,000</u>	<u>14,504</u>	<u>3,504</u>
CHANGE IN FUND BALANCE	<u>(500)</u>	<u>56</u>	<u>556</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (500)</u>	<u>\$ 56</u>	<u>\$ 556</u>

COUNTY OF HOUGHTON, MICHIGAN

HOUGHTON - KEWEENAW TRAIL RESCUE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Other	\$ -	\$ 165	\$ 165
TOTAL REVENUES	-	165	165
EXPENDITURES:			
Public Safety			
Capital outlay	8,194	8,194	-
TOTAL EXPENDITURES	8,194	8,194	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,194)	(8,029)	165
OTHER FINANCING SOURCES			
Transfers in	8,029	8,029	-
TOTAL OTHER FINANCING SOURCES	8,029	8,029	-
CHANGE IN FUND BALANCE	(165)	-	165
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	\$ (165)	\$ -	\$ 165

COUNTY OF HOUGHTON, MICHIGAN

GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Federal sources	\$ 24,000	\$ 24,000	\$ -
Local sources	11,621	11,621	-
TOTAL REVENUES	<u>35,621</u>	<u>35,621</u>	<u>-</u>
EXPENDITURES:			
Public Safety			
Capital outlay	54,640	54,640	-
TOTAL EXPENDITURES	<u>54,640</u>	<u>54,640</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,019)</u>	<u>(19,019)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers in	19,019	19,019	-
TOTAL OTHER FINANCING SOURCES	<u>19,019</u>	<u>19,019</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	-	-
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF HOUGHTON, MICHIGAN

CORRECTIONS OFFICERS TRAINING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services			
Booking fees	<u>\$ 6,000</u>	<u>\$ 6,956</u>	<u>\$ 956</u>
TOTAL REVENUES	<u>6,000</u>	<u>6,956</u>	<u>956</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	<u>7,000</u>	<u>1,653</u>	<u>5,347</u>
TOTAL EXPENDITURES	<u>7,000</u>	<u>1,653</u>	<u>5,347</u>
CHANGE IN FUND BALANCE	<u>(1,000)</u>	<u>5,303</u>	<u>6,303</u>
Fund balance, beginning of year	<u>10,251</u>	<u>10,251</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 9,251</u></u>	<u><u>\$ 15,554</u></u>	<u><u>\$ 6,303</u></u>

COUNTY OF HOUGHTON, MICHIGAN

JUSTICE TRAINING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
State sources	\$ 4,510	\$ 4,510	\$ -
TOTAL REVENUES	<u>4,510</u>	<u>4,510</u>	<u>-</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	<u>3,000</u>	<u>2,512</u>	<u>488</u>
TOTAL EXPENDITURES	<u>3,000</u>	<u>2,512</u>	<u>488</u>
CHANGE IN FUND BALANCE	1,510	1,998	488
Fund balance, beginning of year	<u>4,043</u>	<u>4,043</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,553</u>	<u>\$ 6,041</u>	<u>\$ 488</u>

COUNTY OF HOUGHTON, MICHIGAN

REVENUE SHARING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	<u>\$ 1,037,734</u>	<u>\$ 1,037,734</u>	<u>\$ -</u>
TOTAL REVENUES	<u>1,037,734</u>	<u>1,037,734</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,037,734</u>	<u>1,037,734</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfers out	<u>(656,536)</u>	<u>(656,536)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>(656,536)</u>	<u>(656,536)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>381,198</u>	<u>381,198</u>	<u>-</u>
Fund balance, beginning of year	<u>689,805</u>	<u>689,805</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 1,071,003</u></u>	<u><u>\$ 1,071,003</u></u>	<u><u>\$ -</u></u>

COUNTY OF HOUGHTON, MICHIGAN

CDBG HOUSING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Federal sources	\$ 200,000	\$ 33,587	\$ (166,413)
TOTAL REVENUES	<u>200,000</u>	<u>33,587</u>	<u>(166,413)</u>
EXPENDITURES:			
Community and Economic Development:			
Other services and charges	200,000	33,587	166,413
TOTAL EXPENDITURES	<u>200,000</u>	<u>33,587</u>	<u>166,413</u>
CHANGE IN FUND BALANCE	-	-	-
Fund balance, beginning of year	<u>13,445</u>	<u>13,445</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,445</u>	<u>\$ 13,445</u>	<u>\$ -</u>

COUNTY OF HOUGHTON, MICHIGAN

DEPARTMENT OF HUMAN SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
State sources	\$ -	\$ 4,463	\$ 4,463
TOTAL REVENUES	-	4,463	4,463
EXPENDITURES:			
Health and Welfare:			
Other services and charges	-	29,165	(29,165)
TOTAL EXPENDITURES	-	29,165	(29,165)
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	(24,702)	(24,702)
OTHER FINANCING SOURCES:			
Transfers in	-	56,000	56,000
TOTAL OTHER FINANCING SOURCES	-	56,000	56,000
CHANGE IN FUND BALANCE	-	31,298	31,298
Fund balance, beginning of year	109,144	109,144	-
FUND BALANCE, END OF YEAR	<u>\$ 109,144</u>	<u>\$ 140,442</u>	<u>\$ 31,298</u>

COUNTY OF HOUGHTON, MICHIGAN

DEPARTMENT OF VETERAN AFFAIRS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 59,488	\$ -	\$ (59,488)
Other revenue	-	12,210	12,210
TOTAL REVENUES	<u>59,488</u>	<u>12,210</u>	<u>(47,278)</u>
EXPENDITURES:			
Health and Welfare:			
Personnel services	13,500	12,510	990
Supplies	3,000	3,037	(37)
Other services and charges	16,350	16,073	277
TOTAL EXPENDITURES	<u>32,850</u>	<u>31,620</u>	<u>1,230</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>26,638</u>	<u>(19,410)</u>	<u>(46,048)</u>
CHANGE IN FUND BALANCE	<u>26,638</u>	<u>(19,410)</u>	<u>(46,048)</u>
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ 26,638</u>	<u>\$ (19,410)</u>	<u>\$ (46,048)</u>

COUNTY OF HOUGHTON, MICHIGAN

CHILD CARE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
State sources			
Basic grants	\$ 167,317	\$ 134,149	\$ (33,168)
Total State Sources	167,317	134,149	(33,168)
Charges for services			
State ward chargeback	5,000	6,492	1,492
Miscellaneous chargeback	-	-	-
Total Charges for Services	5,000	6,492	1,492
TOTAL REVENUES	172,317	140,641	(31,676)
EXPENDITURES:			
Health and Welfare:			
Personnel services	65,571	63,878	1,693
Court supervised - family foster care	282,600	229,049	53,551
State ward expenditures	100	59	41
TOTAL EXPENDITURES	348,271	292,986	55,285
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(175,954)	(152,345)	23,609
OTHER FINANCING SOURCES			
Transfers in	200,000	200,000	-
TOTAL OTHER FINANCING SOURCES	200,000	200,000	-
CHANGE IN FUND BALANCE	24,046	47,655	23,609
Fund balance, beginning of year	22,306	22,306	-
FUND BALANCE, END OF YEAR	\$ 46,352	\$ 69,961	\$ 23,609

COUNTY OF HOUGHTON, MICHIGAN

MSHDA R.R. FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	\$ 550	\$ 739	\$ 189
TOTAL REVENUES	<u>550</u>	<u>739</u>	<u>189</u>
EXPENDITURES:			
Community and Economic Development			
Other services and charges	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	550	739	189
Fund balance, beginning of year	<u>22,717</u>	<u>22,717</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 23,267</u>	<u>\$ 23,456</u>	<u>\$ 189</u>

COUNTY OF HOUGHTON, MICHIGAN

VETERAN'S TRUST FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
State sources	\$ 2,000	\$ 2,139	\$ 139
TOTAL REVENUES	<u>2,000</u>	<u>2,139</u>	<u>139</u>
EXPENDITURES:			
Health and Welfare:			
Other services and charges	<u>4,000</u>	<u>2,890</u>	<u>1,110</u>
TOTAL EXPENDITURES	<u>4,000</u>	<u>2,890</u>	<u>1,110</u>
CHANGE IN FUND BALANCE	(2,000)	(751)	1,249
Fund balance, beginning of year	<u>844</u>	<u>844</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (1,156)</u>	<u>\$ 93</u>	<u>\$ 1,249</u>

COUNTY OF HOUGHTON, MICHIGAN

WMD GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Federal sources	\$ 14,734	\$ 14,734	\$ -
TOTAL REVENUES	<u>14,734</u>	<u>14,734</u>	<u>-</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	14,878	14,878	-
TOTAL EXPENDITURES	<u>14,878</u>	<u>14,878</u>	<u>-</u>
OTHER FINANCING (USES):			
Transfer in (out)	-	144	144
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>144</u>	<u>144</u>
CHANGE IN FUND BALANCE	<u>(144)</u>	<u>-</u>	<u>144</u>
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ (144)</u>	<u>\$ -</u>	<u>\$ 144</u>

COUNTY OF HOUGHTON, MICHIGAN

FAMILY COUNSELING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services			
Marriage licenses	\$ 3,000	\$ 3,635	\$ 635
TOTAL REVENUES	<u>3,000</u>	<u>3,635</u>	<u>635</u>
EXPENDITURES:			
Health and welfare:			
Other services and charges	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL EXPENDITURES	<u>1,000</u>	<u>-</u>	<u>1,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>3,635</u>	<u>1,635</u>
OTHER FINANCING (USES):			
Transfer in (out)	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(1,000)</u>	<u>635</u>	<u>1,635</u>
Fund balance, beginning of year	<u>17,783</u>	<u>17,783</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 16,783</u></u>	<u><u>\$ 18,418</u></u>	<u><u>\$ 1,635</u></u>

COUNTY OF HOUGHTON, MICHIGAN

ECONOMIC DEVELOPMENT REVOLVING LOAN FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest			
Interest - investments	\$ 11,529	\$ 11,100	\$ (429)
Interest - loans	5,000	5,853	853
Total Interest	<u>16,529</u>	<u>16,953</u>	<u>424</u>
Other Revenues			
Loan principal repayment	<u>22,998</u>	<u>54,297</u>	<u>31,299</u>
TOTAL REVENUES	<u>39,527</u>	<u>71,250</u>	<u>31,723</u>
EXPENDITURES:			
Community and Economic Development			
Other services and charges	<u>20,000</u>	<u>20,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	19,527	51,250	31,723
Fund balance, beginning of year	<u>107,226</u>	<u>107,226</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 126,753</u></u>	<u><u>\$ 158,476</u></u>	<u><u>\$ 31,723</u></u>

COUNTY OF HOUGHTON, MICHIGAN

SEWAGE DISPOSAL #1 BOND DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Local sources			
Local units	\$ 12,642	\$ 12,642	\$ -
Torch lake sewage authority	46,522	46,522	-
Total Local Sources	<u>59,164</u>	<u>59,164</u>	<u>-</u>
Interest			
Interest	<u>1,324</u>	<u>1,324</u>	<u>-</u>
TOTAL REVENUES	<u>60,488</u>	<u>60,488</u>	<u>-</u>
EXPENDITURES:			
Debt Service:			
Principal retirement	90,000	90,000	-
Interest and fiscal charges	<u>4,772</u>	<u>4,772</u>	<u>-</u>
TOTAL EXPENDITURES	<u>94,772</u>	<u>94,772</u>	<u>-</u>
CHANGES IN FUND BALANCE	(34,284)	(34,284)	-
Fund balance, beginning of year	<u>34,284</u>	<u>34,284</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

COUNTY OF HOUGHTON, MICHIGAN
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

SEPTEMBER 30, 2007

	Airport Improvement Fund	Arena Project Fund	Building Authority Construction Fund	Total
ASSETS				
Cash and cash equivalents	\$ 81,084	\$ -	\$ -	\$ 81,084
TOTAL ASSETS	<u>\$ 81,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,084</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:				
Unreserved	81,084	-	-	81,084
TOTAL FUND BALANCE	<u>81,084</u>	<u>-</u>	<u>-</u>	<u>81,084</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 81,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,084</u>

COUNTY OF HOUGHTON, MICHIGAN

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Airport Improvement Fund	Arena Project Fund	Building Authority Construction Fund	Total
REVENUES:				
Local sources				
Local share of project	\$ 9,421	\$ -	\$ -	\$ 9,421
Interest				
Interest	-	11	-	11
TOTAL REVENUES	<u>9,421</u>	<u>11</u>	<u>-</u>	<u>9,432</u>
EXPENDITURES:				
Capital outlay	43,580	-	-	43,580
Debt service	4,295	-	-	4,295
TOTAL EXPENDITURES	<u>47,875</u>	<u>-</u>	<u>-</u>	<u>47,875</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(38,454)</u>	<u>11</u>	<u>-</u>	<u>(38,443)</u>
OTHER FINANCING (USES):				
Transfer in (out)	-	(8,413)	(1,467)	(9,880)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>(8,413)</u>	<u>(1,467)</u>	<u>(9,880)</u>
CHANGES IN FUND BALANCE	<u>(38,454)</u>	<u>(8,402)</u>	<u>(1,467)</u>	<u>(48,323)</u>
Fund balance, beginning of year	<u>119,538</u>	<u>8,402</u>	<u>1,467</u>	<u>129,407</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 81,084</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,084</u></u>

COUNTY OF HOUGHTON, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	911 Fund	Solid Waste Transfer Fund	Airport Water/Sewer Fund	Airport Testing Fund	Passenger Facility Charge Fund	Marina Fund	Delinquent Tax Revolving Funds	Total
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 46,583	\$ 82,322	\$ -	\$ -	\$ 47,002	\$ 2,414	\$ 1,018,611	\$ 1,196,932
Accounts receivable (net)	66,689	38,689	9,170	-	8,435	19,751	1,106,528	1,249,262
Due from other funds	-	-	-	-	-	10,000	250,927	260,927
Inventory	-	-	-	-	-	4,526	-	4,526
Prepaid expense	417	4,333	-	-	-	1,796	-	6,546
TOTAL CURRENT ASSETS	113,689	125,344	9,170	-	55,437	38,487	2,376,066	2,718,193
Non-Current Assets:								
Capital assets - net of accumulated depreciation	296,913	258,547	-	12,233	-	44,470	-	612,163
TOTAL NON-CURRENT ASSETS	296,913	258,547	-	12,233	-	44,470	-	612,163
TOTAL ASSETS	410,602	383,891	9,170	12,233	55,437	82,957	2,376,066	3,330,356
LIABILITIES								
Current Liabilities:								
Cash fund overdraft	-	-	33,853	-	-	-	687,682	721,535
Accounts payable	5,109	36,153	931	-	-	2,413	41,959	86,565
Due to other funds	-	86,791	-	-	77,475	-	35,378	199,644
Accrued payroll and related liabilities	175	1,934	-	-	-	786	-	2,895
Accrued sick and vacation	-	20,869	-	-	-	-	-	20,869
Current portion of bond and notes payable	16,812	-	-	-	-	-	-	16,812
Deferred revenue	1,663	-	-	-	-	-	-	1,663
TOTAL CURRENT LIABILITIES	23,759	145,747	34,784	-	77,475	3,199	765,019	1,049,983
Non-current Liabilities:								
Bonds and notes payable	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	23,759	145,747	34,784	-	77,475	3,199	765,019	1,049,983
NET ASSETS								
Invested in capital assets net of related debt	280,101	258,547	-	12,233	-	44,470	-	595,351
Unrestricted	106,742	(20,403)	(25,614)	-	(22,038)	35,288	1,611,047	1,685,022
TOTAL NET ASSETS	\$ 386,843	\$ 238,144	\$ (25,614)	\$ 12,233	\$ (22,038)	\$ 79,758	\$ 1,611,047	\$ 2,280,373

COUNTY OF HOUGHTON, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	911 Fund	Solid Waste Transfer Fund	Airport Water/Sewer Fund	Airport Testing Fund	Passenger Facility Charge Fund	Marina Fund	Delinquent Tax Revolving Funds	Total
OPERATING REVENUES:								
Charges for services (net)	\$ 545,907	\$ 647,975	\$ 43,951	\$ -	\$ 103,775	\$ 241,418	\$ 349,517	\$ 1,932,543
State sources	13,684	-	-	-	-	17,500	-	31,184
Other operating revenue	-	-	7,165	-	-	3,831	16,450	27,446
TOTAL OPERATING REVENUES	559,591	647,975	51,116	-	103,775	262,749	365,967	1,991,173
OPERATING EXPENSES:								
Personnel services	54,643	169,256	146	-	-	31,646	-	255,691
Supplies	304	35,888	-	-	-	144,503	-	180,695
Other services and charges	230,962	360,064	63,123	-	30,773	39,459	-	724,381
Depreciation	63,760	32,830	-	1,688	-	3,164	-	101,442
TOTAL OPERATING EXPENSES	349,669	598,038	63,269	1,688	30,773	218,772	-	1,262,209
OPERATING INCOME (LOSS)	209,922	49,937	(12,153)	(1,688)	73,002	43,977	365,967	728,964
NON-OPERATING REVENUES (EXPENSES):								
Federal - contributed capital	-	-	-	-	-	-	-	-
State - contributed capital	-	-	-	-	-	-	-	-
Local - contributed capital	-	-	-	-	-	-	-	-
Interest income	2,603	-	-	-	2,308	-	43,309	48,220
Interest expense	(3,391)	(394)	-	-	-	-	-	(3,785)
Gain (loss) on disposal of assets	(16,916)	-	-	-	-	-	-	(16,916)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(17,704)	(394)	-	-	2,308	-	43,309	27,519
INCOME (LOSS) BEFORE TRANSFERS	192,218	49,543	(12,153)	(1,688)	75,310	43,977	409,276	756,483
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	192,218	49,543	(12,153)	(1,688)	75,310	43,977	409,276	756,483
Net assets Beginning of year	194,625	188,601	(13,461)	13,921	(97,348)	35,781	1,201,771	1,523,890
NET ASSETS, END OF YEAR	\$ 386,843	\$ 238,144	\$ (25,614)	\$ 12,233	\$ (22,038)	\$ 79,758	\$ 1,611,047	\$ 2,280,373

COUNTY OF HOUGHTON, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	911 Fund	Solid Waste Transfer Fund	Airport Water/Sewer Fund	Airport Testing Fund	Passenger Facility Charge Fund	Marina Fund	Delinquent Tax Revolving Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from charges for services	\$ 531,900	\$ 651,635	\$ 42,975	\$ -	\$ 104,140	\$ 221,667	\$ 464,928	\$ 2,017,245
Cash received from federal, state and local sources	13,684	-	-	-	-	17,500	-	31,184
Other operating revenues	-	-	7,165	-	-	3,831	16,450	27,446
Cash payments for personnel services	(54,994)	(187,644)	(273)	-	-	(31,568)	-	(274,479)
Cash payments to suppliers for goods and services	(237,271)	(381,146)	(71,900)	-	(30,773)	(200,330)	-	(921,420)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	253,319	82,845	(22,033)	-	73,367	11,100	481,378	879,976
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Increase (decrease) in due to other funds	-	(50,000)	-	-	(56,821)	(10,000)	(51,301)	(168,122)
Transfers in (out)	-	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	(50,000)	-	-	(56,821)	(10,000)	(51,301)	(168,122)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Cash payments for capital assets	-	-	-	-	-	-	-	-
Contributed capital	-	-	-	-	-	-	-	-
Principal payments on bonds and notes	(195,760)	(17,398)	-	-	-	-	-	(213,158)
Cash payments for interest expense	(3,391)	(394)	-	-	-	-	-	(3,785)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(199,151)	(17,792)	-	-	-	-	-	(216,943)
CASH FLOWS FROM INVESTING ACTIVITIES:								
(Increase) decrease in investments	-	-	-	-	-	-	-	-
Interest income	2,603	-	-	-	2,308	-	43,309	48,220
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,603	-	-	-	2,308	-	43,309	48,220
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,771	15,053	(22,033)	-	18,854	1,100	473,386	543,131
Cash and cash equivalents, beginning of year	(10,188)	67,269	(11,820)	-	28,148	1,314	(142,457)	(67,734)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 46,583	\$ 82,322	\$ (33,853)	\$ -	\$ 47,002	\$ 2,414	\$ 330,929	\$ 475,397
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating income (loss)	\$ 209,922	\$ 49,937	\$ (12,153)	\$ (1,688)	\$ 73,002	\$ 43,977	\$ 365,967	\$ 728,964
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	63,760	32,830	-	1,688	-	3,164	-	101,442
Change in assets and liabilities:								
(Increase) decrease in accounts receivable	(323)	3,660	(976)	-	365	(19,751)	106,087	89,062
(Increase) decrease in inventory	-	-	-	-	-	1,989	-	1,989
(Increase) decrease in prepaid expenses	-	(3)	-	-	-	-	-	(3)
Increase (decrease) in accounts payable	(6,005)	(5,191)	(8,777)	-	-	(18,357)	9,324	(29,006)
Increase (decrease) in accrued payroll and related liabilities	(351)	(4)	(127)	-	-	78	-	(404)
Increase (decrease) in accrued sick and vacation	-	1,616	-	-	-	-	-	1,616
Increase (decrease) in deferred revenue	(13,684)	-	-	-	-	-	-	(13,684)
NET ADJUSTMENTS	43,397	32,908	(9,880)	1,688	365	(32,877)	115,411	151,012
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 253,319	\$ 82,845	\$ (22,033)	\$ -	\$ 73,367	\$ 11,100	\$ 481,378	\$ 879,976

COUNTY OF HOUGHTON, MICHIGAN

ALL DELINQUENT TAX REVOLVING FUNDS

COMBINING STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	1998 Delinquent Tax Revolving Fund	1999 Delinquent Tax Revolving Fund	2002 Delinquent Tax Revolving Fund	2003 Delinquent Tax Revolving Fund	2004 Delinquent Tax Revolving Fund	2005 Delinquent Tax Revolving Fund	2006 Delinquent Tax Revolving Fund	2007 Delinquent Tax Revolving Fund	Total
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 103,882	\$ 2,367	\$ 318,785	\$ 235,216	\$ 255,934	\$ 99,923	\$ -	\$ 2,504	\$ 1,018,611
Accrued interest receivable	-	-	-	940	1,601	23,671	55,802	-	82,014
Delinquent tax receivable	2,763	95,071	-	2,186	5,165	124,583	797,175	(2,429)	1,024,514
Due from other funds	-	-	21,017	14,361	7,764	205,839	1,946	-	250,927
TOTAL CURRENT ASSETS	106,645	97,438	339,802	252,703	270,464	454,016	854,923	75	2,376,066
TOTAL ASSETS	\$ 106,645	\$ 97,438	\$ 339,802	\$ 252,703	\$ 270,464	\$ 454,016	\$ 854,923	\$ 75	\$ 2,376,066
LIABILITIES									
Current Liabilities:									
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 687,682	\$ -	\$ 687,682
Due to others	-	-	-	-	22,949	19,010	-	-	41,959
Due to other funds	-	-	-	-	-	21,017	14,361	-	35,378
TOTAL CURRENT LIABILITIES	-	-	-	-	22,949	40,027	702,043	-	765,019
TOTAL LIABILITIES	-	-	-	-	22,949	40,027	702,043	-	765,019
NET ASSETS									
Unrestricted	106,645	97,438	339,802	252,703	247,515	413,989	152,880	75	1,611,047
TOTAL NET ASSETS	\$ 106,645	\$ 97,438	\$ 339,802	\$ 252,703	\$ 247,515	\$ 413,989	\$ 152,880	\$ 75	\$ 1,611,047

COUNTY OF HOUGHTON, MICHIGAN

ALL DELINQUENT TAX REVOLVING FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	1998 Delinquent Tax Revolving Fund	1999 Delinquent Tax Revolving Fund	2002 Delinquent Tax Revolving Fund	2003 Delinquent Tax Revolving Fund	2004 Delinquent Tax Revolving Fund	2005 Delinquent Tax Revolving Fund	2006 Delinquent Tax Revolving Fund	2007 Delinquent Tax Revolving Fund	Total
OPERATING REVENUES:									
Penalties and interest on taxes	\$ 17,583	\$ 7,487	\$ 79,658	\$ 20,015	\$ 9,887	\$ 38,581	\$ 98,196	\$ 14	\$ 271,421
Collection fees on taxes	605	-	733	304	6,652	23,704	46,037	61	78,096
Miscellaneous charges	-	-	-	-	2,149	14,281	20	-	16,450
TOTAL OPERATING REVENUES	18,188	7,487	80,391	20,319	18,688	76,566	144,253	75	365,967
OPERATING EXPENSES:									
Other services and charges	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	-	-	-	-	-	-	-	-	-
OPERATING INCOME (LOSS)	18,188	7,487	80,391	20,319	18,688	76,566	144,253	75	365,967
NON-OPERATING REVENUES (EXPENSES):									
Interest income	6,978	175	10,365	10,252	8,637	(1,655)	8,557	-	43,309
TOTAL NON-OPERATING REVENUES (EXPENSES)	6,978	175	10,365	10,252	8,637	(1,655)	8,557	-	43,309
INCOME (LOSS) BEFORE TRANSFERS	25,166	7,662	90,756	30,571	27,325	74,911	152,810	75	409,276
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	25,166	7,662	90,756	30,571	27,325	74,911	152,810	75	409,276
Net assets, beginning of year	81,479	89,776	249,046	222,132	220,190	339,078	70	-	1,201,771
NET ASSETS, END OF YEAR	\$ 106,645	\$ 97,438	\$ 339,802	\$ 252,703	\$ 247,515	\$ 413,989	\$ 152,880	\$ 75	\$ 1,611,047

COUNTY OF HOUGHTON, MICHIGAN

ALL DELINQUENT TAX REVOLVING FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	1998 Delinquent Tax Revolving Fund	1999 Delinquent Tax Revolving Fund	2002 Delinquent Tax Revolving Fund	2003 Delinquent Tax Revolving Fund	2004 Delinquent Tax Revolving Fund	2005 Delinquent Tax Revolving Fund	2006 Delinquent Tax Revolving Fund	2007 Delinquent Tax Revolving Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:									
Cash received from penalties, interest and fees on taxes	\$ 18,188	\$ 7,487	\$ 88,275	\$ 3,748	\$ 64,877	\$ 109,846	\$ 88,431	\$ 75	\$ 380,927
Miscellaneous charges	-	-	-	-	2,149	14,281	20	-	16,450
Other operating expenses	-	-	-	-	-	-	-	-	-
Cash received from (paid for) delinquent taxes	16,647	(5,295)	18,334	23,632	184,257	642,467	(798,470)	2,429	84,001
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	34,835	2,192	106,609	27,380	251,283	766,594	(710,019)	2,504	481,378
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Increase (decrease) in due to/from other funds	(17,848)	(17,904)	-	(14,361)	(7,764)	(5,839)	12,415	-	(51,301)
Transfers in (out)	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(17,848)	(17,904)	-	(14,361)	(7,764)	(5,839)	12,415	-	(51,301)
CASH FLOWS FROM INVESTING ACTIVITIES:									
(Increase) decrease in investments	-	-	-	-	-	-	-	-	-
Interest income	6,978	175	10,365	10,252	8,637	(1,655)	8,557	-	43,309
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	6,978	175	10,365	10,252	8,637	(1,655)	8,557	-	43,309
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,965	(15,537)	116,974	23,271	252,156	759,100	(689,047)	2,504	473,386
Cash and cash equivalents, beginning of year	79,917	17,904	201,811	211,945	3,778	(659,177)	1,365	-	(142,457)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 103,882	\$ 2,367	\$ 318,785	\$ 235,216	\$ 255,934	\$ 99,923	\$ (687,682)	\$ 2,504	\$ 330,929
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:									
Operating income (loss)	\$ 18,188	\$ 7,487	\$ 80,391	\$ 20,319	\$ 18,688	\$ 76,566	\$ 144,253	\$ 75	\$ 365,967
Adjustments to reconcile operating income to net cash provided by operating activities:									
Change in assets and liabilities:									
(Increase) decrease in accrued interest receivable	-	-	7,884	7,064	34,389	28,551	(55,802)	-	22,086
(Increase) decrease in delinquent taxes receivable	16,647	(5,295)	18,334	23,632	184,257	642,467	(798,470)	2,429	84,001
Increase (decrease) in due to others	-	-	-	(23,635)	13,949	19,010	-	-	9,324
NET ADJUSTMENTS	16,647	(5,295)	26,218	7,061	232,595	690,028	(854,272)	2,429	115,411
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 34,835	\$ 2,192	\$ 106,609	\$ 27,380	\$ 251,283	\$ 766,594	\$ (710,019)	\$ 2,504	\$ 481,378

COUNTY OF HOUGHTON, MICHIGAN

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	Trust & Agency Fund	Library Fund	Payroll Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,151,411	\$ 74,398	\$ 3,473	\$ 1,229,282
TOTAL ASSETS	<u>\$ 1,151,411</u>	<u>\$ 74,398</u>	<u>\$ 3,473</u>	<u>\$ 1,229,282</u>
LIABILITIES				
Due to others	\$ 1,151,411	\$ 74,398	\$ -	\$ 1,225,809
Due to other funds	-	-	3,473	3,473
TOTAL LIABILITIES	<u>\$ 1,151,411</u>	<u>\$ 74,398</u>	<u>\$ 3,473</u>	<u>\$ 1,229,282</u>

COMPLIANCE SUPPLEMENTS



Anderson, Tackman & Company, PLC
Certified Public Accountants
Marquette, Michigan 906-225-1166
Fax – 1-906-225-1714

Partners

John W. Blemberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Chairman and Members of
the Board of Commissioners
County of Houghton, Michigan
401 E. Houghton Avenue
Houghton, MI 49931

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Houghton, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the County of Houghton, Michigan's basic financial statements and have issued our report thereon dated February 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Houghton, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Houghton, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Houghton, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects County of Houghton, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Houghton, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the County of Houghton, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting: items 07-03 and 07-04.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Houghton, Michigan's internal control.

Honorable Chairman and Members of
the Board of Commissioners
County of Houghton, Michigan

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Houghton, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying report to management as items 07-01 and 07-02.

The County of Houghton, Michigan's response to the findings identified in our audit is described in the accompanying report to management. We did not audit the County of Houghton, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the County Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

February 22, 2008



Anderson, Tackman & Company, PLC
Certified Public Accountants
Marquette, Michigan 906-225-1166
Fax – 1-906-225-1714

Partners

John W. Blemberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

*County of Houghton, Michigan
Report to Management Letter
For the year Ended September 30, 2007*

To the Honorable Chairman and Members of
The Board of Commissioners
County of Houghton, Michigan
Houghton, MI 49931

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Houghton, Michigan as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of American, we considered the County of Houghton, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Houghton, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Houghton, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider that we consider to be significant deficiencies.

To the Honorable Chairman and Members of
The Board of Commissioners
County of Houghton, Michigan

Significant Deficiencies

07-03 (REPEAT) Condition/Criteria: At September 30, 2007 the County of Houghton, Michigan had a cash deficits in several of their funds, as shown in Footnote N to the financial statements.

Effect: The advances become permanent working capital loans.

Cause of Condition: Cash advances and funding of accounts receivable are not being repaid in a timely fashion.

Recommendation: The County of Houghton, Michigan needs to monitor all advances such that they do not become permanent working capital loans.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Eric Forsberg, Controller
- Corrective Action Planned:
 - The timing of advances and accounts receivable payments will be more closely monitored.
- Anticipated Completion Date:
 - September 30, 2008

07-04 Condition/Criteria: At September 30, 2007 the County of Houghton, Michigan had unexplained variances between the general ledger and reports from the BS&A Software.

Effect: The general ledger could have misstatement due to these variances between BS&A reports and actual general ledger activity.

Cause of Condition: With in new installation of the BS&A Tax Software, there are some variances between the general ledger, actual cash collections and various BS&A reports.

Recommendation: The County of Houghton, Michigan needs to reconcile delinquent tax amounts between the general ledger and the BS&A Software for accurate accounting.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Kathleen Beattie, Treasurer
- Corrective Action Planned:
 - The timing of advances and accounts receivable payments will be more closely monitored.
- Anticipated Completion Date:
 - September 30, 2008

Instances of Non-compliance

07-01 (REPEATED) Condition/Criteria: Public Act 621 of 1978, Section 18 (1) as amended, provides that counties shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County of Houghton, Michigan had actual expenditures and budgeted expenditures as shown in Footnote P to the Financial Statements. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended September 30, 2007, the County of Houghton, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

To the Honorable Chairman and Members of
The Board of Commissioners
County of Houghton, Michigan

Effect: The County of Houghton, Michigan is not in compliance with State Law.

Cause of Condition: Failure to amend the budgets during the year based on the level of expenditures.

Recommendation: The County of Houghton, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Eric Forsberg, Controller
- Corrective Action Planned:
 - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
 - September 30, 2008

07-02 (REPEATED) Condition/Criteria: At September 30, 2007 the County of Houghton, Michigan had an unrestricted equity deficit in several of their funds, as shown in Footnote O to the financial statements. Public Act 275 of 1980 requires that all deficits in any fund balance of local units be disclosed and enumerated upon in the Footnotes of the financial statements. In accordance with the Act, a corrective action plan for the deficit is required to be filed with the State Treasurer within 90 days of the end of the fiscal year. As of this time, the County of Houghton, Michigan has not filed such a plan.

Effect: The County of Houghton, Michigan is not in compliance with State Law.

Cause of Condition: Failure of operating revenues to cover operating expenditures in the current and prior years.

Recommendation: The County of Houghton, Michigan needs to either increase operating revenues or decrease operating expenditures in the future.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Eric Forsberg, Controller
- Corrective Action Planned:
 - The revenue and expenditures will be more closely monitored.
- Anticipated Completion Date:
 - September 30, 2008

This communication is intended solely for the information and use of Houghton County Board of Commissioners, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

February 22, 2008